



INDEPENDENT

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MONDAY 11 DECEMBER 1995

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I'm fit and
ready to
fight Tyson

MIND GAMES



PLUS

Review of school security ordered but police fail to find stabbing gang Knife curbs to follow head's killing

WILL BENNETT,
JAMES CUSICK
AND JOHN RENTOUL

Tougher sentences for carrying knives in public may be introduced by the Government in the wake of the shock and anger caused by the murder of Philip Lawrence, the headmaster stabbed outside his school.

Michael Howard, the Home Secretary, said yesterday he would not change the law as a "knee-jerk reaction to one event, however dreadful", but that he was consulting the police and "if we think there is advantage in stiffening the law, that is something we will do".

Security at schools will dominate a meeting today between headteachers and Gillian Shephard, the Secretary of State for Education and Employment. The talks had been scheduled to discuss school discipline and dealing with disruptive pupils.

Despite the fact that there were many witnesses to the stabbing outside St George's Roman Catholic School, in Maida Vale, north-west London, on Friday, police have yet to make any arrests in connection with the killing of Mr Lawrence, 48, who was stabbed as he tried to prevent a gang attacking William Njoh, 13.

Pupils at St George's say that William had a fight with another pupil two days previously and that this led to the attack by a gang calling itself the SW Triads, made up of youths of Far Eastern origin.

A police source said that detectives were waiting for information from sources inside the street gangs which are growing in numbers in London, some of which model themselves on the Chinese Triad gangs.

The shock caused by the murder of Mr Lawrence, a father of four and a popular headmaster who had radically improved standards at the school in the past two years, was evident everywhere in the Maida Vale area yesterday.

More than 100 floral tributes

have been left at the school gates, many bearing poignant messages from pupils, parents, neighbours and former pupils. Children and staff at the school are to be offered counselling to help them cope with the shock.

After a meeting of the governors yesterday, Peter Clare, the chairman, said: "This tragedy has affected us as it would a family. The school will re-open today with a special

Son's poignant letter to Santa
This is the letter written by Philip Lawrence, the murdered headmaster's eight-year-old son, which was released by Scottish Yard yesterday.

Dear Father Christmas, I hope you are well and not too cold.

I hope you won't think I am being a nuisance but I have changed my mind as to what I want for Christmas. I wanted to have a telescope but I now want to have my daddy back because without my daddy to help I will not be able to see the stars anyway.

I am the only boy in the family now but I am not very big and I need my daddy to help me stop my mummy and sisters from crying.

mass to be held in memory of Mr Lawrence.

Prayers were said yesterday for Mr Lawrence at the Church of the Sacred Heart, in Kilburn, where many of his pupils' families are worshippers. In his sermon Father Denis Cornican compared the headmaster to John the Baptist as someone killed for carrying out his Christian duty.

One parent said afterwards: "We are not frightened because we haven't had the time yet. We are still in shock that murder has happened on the front steps of the place where our children are educated."

Relatives and friends joined Mr Lawrence's widow Frances and their three daughters and son for a special mass at their home in Ealing, west London.

Mrs Lawrence was too upset to discuss her husband's death but has said that she wants to celebrate Christmas as normally as possible. Father Charis Piccolomini, a governor at St George's, said that after he died she told her children: "The first thing we will do when we get home is do what daddy would have done tonight."

Mr Lawrence's death united the Government and the Labour Party yesterday, both promising to look at strengthening the penalties for carrying knives. At the moment possessing an unlawful weapon carries a maximum of two years imprisonment and carrying an offensive weapon is punishable by a fine of up to £1,000.

Jack Straw, Labour's home affairs spokesman, said: "This is a desperate tragedy. The carrying of knives on the streets is extremely worrying. Labour will co-operate with the Government on getting new legislation through."

John Sutton, leader of the Secondary Heads Association, welcomed the promise of stronger laws against carrying knives. He said: "What cost him his life was that the thugs he encountered were carrying knives and prepared to use them. I am very pleased that politicians are thinking about what can be done to deal with that."

Mrs Shephard, who will meet headteachers' leaders today, said: "What has shocked people is the way it has shown just how vulnerable teachers are in some circumstances."

Triads on the streets, page 3
Leading article, page 14
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Mr Michael Hopley leaving Frances Lawrence and her children at their home in west London after conducting a private mass for her husband, Philip, who died on Friday

Branson: Lottery rival offered me bribe

REBECCA FOWLER

Richard Branson claims he was offered a bribe to drop his bid to run the National Lottery by the head of a US technology company that has a 22 per cent stake in Camelot, the successful bidder for the lottery.

Mr Branson, head of the Virgin group, said the offer was made by Guy Snowden, chairman of GTECH, which provides equipment for 72 lotteries worldwide, after he announced his bid would be non-profit making. Mr Branson calculated it would provide an extra £300m for the good causes that the lottery helps.

According to Mr Branson, Mr Snowden offered the inducement when he visited his home in Holland Park, west London, in September 1993. He says on tonight's BBC *Panorama* programme that Mr Snowden said the Government was "going to let a private company make a fortune" out of the lottery, but his (Branson's) plans could cost them "hundreds of millions of pounds".

Mr Branson said he was so shocked he took down a note of the conversation. It records Mr Snowden saying: "Well, I don't know how to phrase this Richard, there's always a bottom line. I'll get to the point. In what way can we help you?"

Mr Branson said he asked for clarification. "I obviously asked him what he meant, and he said 'I'm sure everybody needs something', and obviously I told him 'Thank you very much. I'm quite successful. You only need one breakfast, one lunch and one dinner per day'."

Although Mr Branson said he did not make a formal complaint, he claims he reported the alleged bribe to the head of Oflot, the lottery watchdog.

Peter Davis, director general of Oflot, said that he was not aware of the alleged bribe.

Both Camelot, which is making more than £1m profits a week from the lottery, and Mr Snowden, who sits on Camelot's board of directors, strenuously denied the allegations yesterday.

Tim Holley, Camelot chief executive, said: "We utterly refute that the approach took place." Mr Snowden said he was considering legal action. "The allegations are outrageous and absolutely untrue."



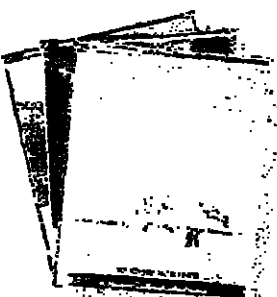
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Oxbridge's hard-working students turn to ecstasy

FRAN ABRAMS
Education Correspondent

The use of ecstasy by Oxbridge students has doubled in the last 12 months, according to a survey carried out for the *Independent*. The numbers taking cocaine and amphetamines have also risen.

But while a small proportion of students are abusing hard drugs, the majority are hard-working and a significant number are deeply religious, research among more than 1,000 of Britain's brightest young people reveals.

The second annual survey

conducted by the Oxford and Cambridge student newspapers shows that one-third of the students are virgins and one in eight would not have sex before marriage. Only 3 per cent have had more than 10 sexual partners.

The use of illegal drugs remains common, though. While the proportion who have tried cannabis has stayed stable at around 50 per cent since last November, the number who have tried ecstasy has risen from 6 per cent to 12 per cent.

The use of amphetamines, or speed, is also up, from 1 in 12 students to 1 in 7, while almost

6 per cent have tried cocaine compared with 3 per cent last year. However, LSD is slightly less common than last year and heroin abuse remains negligible, with fewer than 2 per cent having tried it.

However, the amount of alcohol being drunk has dropped dramatically. Just 3 out of 10 Oxbridge students now drink more than the recommended 21 units per week for men, compared with 6 in 10 at the same time last year.

The students show little interest in politics, with 10 per cent saying they will not vote in the next general election.

Among those expressing a preference, Labour leads the Conservatives by a wide margin.

The survey also reveals a new, more wholesome side to university life. Students say the person they most admire is Christ and their favourite book is The Bible. Going to church rates among their favourite activities along with drinking, socialising and listening to music.

Jim Murphy, president of the National Union of Students, said the figures on drug-taking were probably below the national average for the 18-21 age group. But the newly revealed popularity of Jesus and

The Bible was bizarre: "I am surprised and shocked. I have never heard anything like it before," he said.

The undergraduates of the 1990s did not seem to worry unduly about finding jobs, despite their predilection for hard work and wholesome play. Almost 7 out of 10 thought their prospects were "good" or "very good," while fewer than 1 in 10 thought the outlook was poor.

Women, however, were likely to have a lower opinion of their job chances, with 56 per cent thinking they were good and 15 per cent thinking they were poor.

Survey details, page 6



IN BRIEF

'McLibel' case record

The McDonald's libel trial becomes the longest civil case in British history today after nearly 18 months of arguments about sewage on restaurant floors, workers' rights, and accusations that the burger chain is sexist, racist and homophobic. Page 4

Collins tops cash chart

Ageing rockers dominate a league table of pop star earnings published today, with Phil Collins topping the chart at more than £24m. Page 20

Council losses

The recruitment section of Tory-controlled Brent council, in north-west London, lost £400,000 of public money, including thousands to hold a staff meeting at Schiphol airport, Amsterdam, according to an independent report. Page 5

Deadlock over pilots

As the deadline set by France for the Bosnian Serbs to produce two missing French pilots approached, there was still no sign that the Serbs were willing to comply. Page 10

Air pioneer's bequest

A pensioner who was one of the first women ever to fly and lived alone in a council flat left her £2m fortune to charity. Page 5

Forest and Villa draw

Nottingham Forest and Aston Villa drew 1-1 in the FA Carling Premiership. Sports Section



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news

Winter chill: Havoc on roads as flight schedules are disrupted

Freezing fog causes chaos for travellers

A blanket of freezing fog across southern Britain and parts of Europe brought widespread chaos yesterday with hundreds of road accidents and dozens of cancelled flights.

The London Weather Centre predicted that the problems would continue today and fog would paralyse roads in the hours leading up to the rush hour.

Almost 100 vehicles were involved in a pile-up on the south-bound carriageway of the M1 motorway near Luton yesterday. Lorries jack-knifed across the three lanes and other vehicles crashed into each other as they drove from bright sunlight into a bank of fog.

There were numerous delays and diversions at Heathrow and Gatwick. British Airways cancelled 49 short-haul flights; British Midland said 29 European flights were cancelled, and there were delays of up to 10 hours on some other services.

Visibility was down to just 20ft in some places as the fog covered most roads in the South of England. Worst hit areas included Surrey, Sussex, Kent and Essex where the freezing fog brought emergency warnings for motorists to slow down.

The AA reported fog in the Holmesdale Tunnel on the M25 and the Limehouse link in east London.

After the M1 crash, one driver was taken to West Herts Hospital with head injuries but police said he was not badly hurt. Others were taken to Luton and Dunstable hospital for treatment to minor injuries.

A driver said: "If you didn't have at least 100 yards between you and the car in front you couldn't avoid it. Some vehicles were bombing along ignoring the conditions."

"One minute you were in

sunshine, the next in fog." The pile-up blocked the southbound carriageway for nearly four hours causing a three-mile tail-back between junctions 9 and 10 in freezing conditions.

A spokesman for AA Roadwatch said "The M25 is full of small pile ups and shunts in the fog. The only major accident we have had is on the M1."

"We have had calls from the police begging drivers to turn their lights on and drive a whole lot slower. Speed limits are down to 30mph on some sections of the M25."

Many drivers were criticised for failing to switch on their lights in fog or to activate their rear fog-warning lamps.

Excessive speed and ignoring warning signs were also criticised. Sgt David Minney of Bedfordshire police, said: "In extreme conditions like this drivers would be advised not to travel at all but if they do they should keep their distance from vehicles in front, use fog lamps and watch their speed."

"Vehicles are going too fast for the conditions."

A two-seater helicopter made a forced landing on farmland at Bell Bar, near Hatfield, Hertfordshire, after the pilot lost his way in the fog.

Overnight temperatures in southern England were expected to reach -7C in Oxfordshire and -4C nearer the coast.

While England and Wales will stay dry, mist and patches of freezing fog will clear only slowly during tomorrow.

Away from the fog, many places will have long sunny spells. Some far south-western counties may be rather cloudy and it will be a rather cold day, especially where the fog lingers longest.

Widespread frost is likely early and late in the day.



Shadowland: Primrose Hill, north London - shrouded in the fog that blanketed much of England Photograph: Kevin Lamarque

Men set to become scarcer commodity

DIANE COYLE
Economics Correspondent

Smart restaurateurs, fashion retailers and makers of nifty sports cars, can look forward to a surge, early in the next century, in the number of affluent working women.

The return of the powerful female executive could help boost the economy, according to a new report, but the same report concludes that men available for marriage to successful women will become increasingly scarce after 2000.

Mihir Warty, an economist at the Centre for Economics and Business Research (CEBR), an independent consultancy, says that young women will have to join the labour force in even greater numbers to make themselves economically attractive to the dwindling number of potential husbands two years older than themselves.

This will favour businesses which cater to career women but work against those serving the traditional family market. In Britain there has usually been an excess of men. But the last time a drop in the male-female ratio at the prime marriage age - 18-29 for women, 20-31 for men - sent more females out in search of a career in the mid-1980s, it had dramatic effects on spending patterns, and supported rapid growth in the number of restaurants and shops appealing to working women. Turnover in the housing market and demand for foreign holidays increased, as did sales of small and sporting cars.

Using official population forecasts, Mr Warty predicts that this pattern will be repeated. As well as boosting female participation in the labour market, it may give men the opportunity to adjust the "bargain" element in relationships in their favour.

"When men are scarce, they can bid up their price," Mr Warty writes in the CEBR's latest report. "As the 'price' of men rises, women may have to offer a more attractive package... [they] may offer to work longer, to return to the labour force, to reduce their insistence on a long-term commitment, or," he adds, "provide a greater level of promiscuity."

IN BRIEF

Security guard 'brutally' killed

Police were yesterday investigating the "brutal and frenzied" killing of a security guard in an attempted robbery at an Asda store.

John Killick, 60, of Scunthorpe, was confronted by a masked attacker as he escorted two women from the petrol station where they worked. He was hit with an iron bar and stabbed repeatedly.

Asda has offered a £5,000 reward for information leading to conviction of the killer.

Howell stands down

David Howell became the 49th Conservative MP to announce that he will not stand at the next general election. He served as energy minister and transport minister in the Thatcher administration and is currently chairman of the all-party Commons foreign affairs committee and of the One Nation Group of Tory MPs. Mr Howell, 59, has represented Guildford, Surrey, since 1986, and won a majority of 13,404 at the last election.

Teenagers' deaths

Three teenagers died and another received serious spinal injuries in a crash as they were returning from a disco. Fiona Woodruff, 16, Cheryl Cardwell, 15, both of Barnsley and Daniel Bartholomew, 18, of Sheffield, died when the car being driven by Simon Grundy, 19, of Sheffield, hit a tree in Rotherham, South Yorkshire.

Body found

The body of Audrey O'Neill, who vanished nine months ago while on a mercy mission to West Africa, was found inside her Land-Rover near Abidjan, capital of the Ivory Coast. The former hospital secretary, 55, who sold her home in Exmouth, Devon, to finance the trip, was last seen alive in March.

Broadmoor dispute

Members of the Prison Officers Association working at Broadmoor top security hospital in Berkshire voted to take industrial action after management refused to honour a 3 per cent pay award agreed with the Special Hospitals Service Authority in 1989.

Labour's choice

Jon Trickett, leader of Leeds City Council, was selected as Labour's candidate for a by-election in the safe seat of Hemsley, South Yorkshire. The poll was caused by the death of the MP Derek Knight.

Driver crushed

A pensioner was killed by her own car as she tried to stop it sliding down an icy hill. Margaret Fehmore, 68, of Haslemere, Surrey, was dragged down a street and crushed against another car in Brill, Buckinghamshire, as she tried to stop her Rover 214 hitting other vehicles after she parked.

Jackson vs Beatles

The singer Michael Jackson held off competition from The Beatles to keep his number one spot in the charts with *Earth Song: Free as a Bird*, featuring the voice of John Lennon, reached number two.

Lottery jackpot

Three tickets each scooped £2.7m in Saturday's National Lottery draw. The winning numbers were: 5, 26, 29, 12, 11, 33. The bonus was 20. This jackpot was £8,113,998.

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Government rejects child abuse inquiry

DONALD MACINTYRE
Political Editor

The Government has rejected calls for a full-scale public inquiry into child abuse at children's homes in north Wales, in the aftermath of a police investigation which led to seven separate convictions.

William Hague, the Secretary of State for Wales, has accepted the recommendation, in a confidential report by Nicola Davies QC, on abuse allegations involving children's homes in Clwyd and Gwynedd, that a full judicial inquiry would not be appropriate or in the public interest.

The decision - which is expected to be announced by Rod Richards, the Welsh health and social services minister, in a written parliamentary answer today - effectively brings to a close one of the longest-running and most serious child-abuse scandals involving children in local authority care.

Ms Davies's report is understood to make a number of procedural and administrative recommendations, designed to ensure the authorities act speedily and decisively to prevent abuse and to deal with allegations when they arise. But she rejected the case for a full-scale inquiry like that which led to the report on sexual abuse in Cleveland in 1989.

Ms Davies was appointed in May by John Redwood, Mr Hague's predecessor, to conduct an investigation into evidence - some of it going back 20 years - after the ending earlier this year of the last prosecution to result from a four-year police inquiry into allegations involving up to 46 children's homes.

John Allen was jailed in Chester for six years for committing sex offences against boys at the Bryn Alyn Home in Wrexham, where he had once been in charge. The previous year, Peter Howard, the former deputy head of a council-run home, Bryn Estyn, was sent to prison for 10 years after being found guilty of assaulting seven boys between 1974 and 1984.

An experienced and respected criminal lawyer, Ms Davies worked as a junior counsel for Dr Marietta Higgs and Dr Geoffrey Wyatt, the doctors at the centre of the inquiry, during the Cleveland inquiry and became the first woman barrister in Wales to become a QC.

At the time of Ms Davies's appointment, Malcolm King, chairman of Clwyd's social services committee, said there was a "real need" for the "fullest judicial inquiry" and that: "Such an inquiry would ensure that all those who wish to raise matters or to have their questions answered would be assured of a hearing."

Bellamy urged to drop Shell study

DANNY PENMAN

Pressure was mounting on David Bellamy last night to pull out of an environmental study sponsored by Shell into oil pollution in the Niger Delta.

The delta and the area known as Ogoniland have been extensively damaged by oil spills and gas flares from Shell's and other Western oil companies' operations. The *Independent on Sunday* also revealed yesterday that Shell's oil operations in the area are the biggest single cause of global warming.

The figures, compiled by the World Wide Fund for Nature (WWF), are expected to further tarnish Shell's battered image. The organisation has been lobbying Shell behind the scenes for many years at the request of concerned Nigerian scientists but decided to go public with the figures over the weekend.

Gas flaring in the Niger delta emits 34 million tons of carbon dioxide, the main greenhouse gas, per year and the oil fields emit a further 12 million tons of methane, which is up to 35 times more potent.

In comparison, fuel burning in Britain's homes emits 23 million tons of carbon dioxide and 46,000 tons of methane per year.

To try and cut down on the flaring, Shell is building a £2.5bn plant to liquefy the gas so it can be transported out of the area and used as a fuel. They also commissioned a committee to investigate oil related damage in the Niger delta.

David Bellamy's Conservation Foundation is serving on the committee. Conservation groups including Friends of the

Earth and Greenpeace plus the Body Shop claim that Shell is "using" the internationally renowned conservationist to add credence to the £3m study. Instead the groups want an independent study of the area's environmental problems.

Charles Secrett, director of Friends of the Earth, warned that Dr Bellamy, while working in good faith, risked becoming involved in a "quagmire of dirty politics and becoming contaminated by the institutions that are causing the problems."

"There's a real danger that

the Conservation Foundation would end up being used by Shell and the Nigerian Government. The political situation is so complex and the vested interests have so much to lose by changing their policies that it's very unlikely that they [the Foundation] will be able to find a practical way forward."

Jonathan Porritt, the environmental campaigner, said the situation reflected "the paradox faced by many environmental campaigners". He added: "David is seeking the same outcome as us."

Hotel chops beef offal from menu amid 'mad-cow' fears

One of Britain's top hotels is defying Government advice by taking beef liver, beef sausages, oxtail and sweetbreads off its menus because of concerns about "mad cow disease".

The five-star Four Seasons Hotel in Park Lane, London, has decided to remove dishes containing beef offal for fear customers could be harmed.

"We are not serving oxtail, sweetbreads or anything containing offal at the moment," said a spokeswoman.

"With these particular items we felt there was a sufficient level of controversy and unease for us to make the decision."

The hotel's culinary reputation is impressive and it hosts the annual dinner of the British

Academy of Gastronomes, which is headed by Egon Ronay. Hotel bosses took the decision after talks with their leading French chef, Jean-Christophe Novelli, said the spokeswoman.

Hundreds of schools have already banned beef and several hospitals are considering a ban. But a new survey shows that most leading restaurants and hotels are carrying on regardless of the controversy.

The Savoy said it had made no changes and was continuing to serve its normal range of beef, including liver.

At London's newest major restaurant, the Terence Conran-owned Mezzo in Soho, chefs said demand for meat dishes

was as high as ever. Beef and veal remain as prominent as ever at 21 Queen Street in Newcastle upon Tyne, last year's AA Restaurant of the Year.

"We use beef and veal quite a lot and demand from our customers has not declined as a result of the recent publicity," said manager Nicolas Schottel. "We certainly have no intention of withdrawing anything from the menu."

At L'Ostolain, in Shinfield, near Reading, Berkshire, chef John Burton-Race said beef was still on the menu, but he admitted that the issue was "worrying".

"I am still selling beef and will continue to do so until we hear anything otherwise," he said.

Crown treasures saved for nation

The three royal crowns and a coronation bible at the centre of an export row have been given to the nation by the new owner of Asprey the Jewellers, Prince Jefri Bolkiah of Brunei.

The prince, the brother of the Sultan of Brunei, announced today that he was presenting the crowns and bible, worth an estimated £1.7 million, to the nation after a campaign against their possible sale to foreign dealers.

The imperial state crown of King George I, dated 1715, the coronation crown of King George IV (1821) and the coronation crown of Queen Adelaide (1831) were bought by Asprey in 1987, together with the bible on which George III

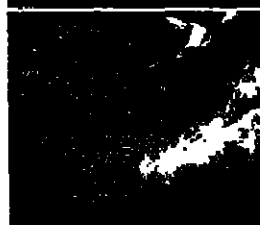
swore his coronation oath. A spokeswoman for the Prince said: "Prince Jefri has reluctantly decided to make his decision public since in recent days Asprey has received a number of serious offers for the crowns from private individuals."

The prince, who bought Asprey, the royal jewellery store in London's Bond Street, for £243m last month, will have delighted art historians who had criticised the Government for not doing more to keep the crowns on English soil.

In July National Heritage Minister Lord Inglewood deferred a decision on granting export licences for the artefacts until January.

PATRICIA CORNWELL

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صكا من الامل

Violent end for man who never gave in

Street gangs who terrify pupils

WILL BENNETT

As they grieved for Philip Lawrence, their murdered headmaster, pupils outside St George's Roman Catholic School repeatedly talked about the involvement of the Triads in his death.

"They're often around here, you can tell them by their baggy trousers and big shirts, and you don't mess with them," said one 13-year-old of Italian parentage, who was born and brought up near the school in Maida Vale, west London.

But the Triads that she talked about in the sort of matter of fact tone that other youngsters might discuss a school football team have only the loosest connection with the Chinese underworld gangs of the same name.

The SW Triads, one of whose members stabbed Mr Lawrence as he intervened to try to stop them beating up one of his pupils, William Njoh, 13, are one of many street gangs which have sprung up around London and spread to the suburbs.

In Croydon at least 100 children are thought to be involved in self-styled Triad gangs, and police have held meetings with teachers to brief them on how to spot members among their pupils. In Green Lanes, north London, they call themselves the Triad Gremlins.

The SW Triads named themselves after the Wo Shing Wo Triads, some of the most feared gangsters operating in London's Chinatown.

Tony Thompson, author of the recently published book *Gangland Britain*, said: "The kids are usually quite willing to join. What happens is that kids are getting picked on because they are Chinese so they form a gang to protect themselves against this."

Vietnamese and other youngsters from a Far Eastern background then also join. But although the gangs adopt an Oriental street style to distinguish themselves, many now include black and white teenagers.

Founded for mutual self protection, the gangs move on to picking fights with rival outfits, theft, extortion from pupils, and occasionally start local protection rackets aimed at shops and restaurants.

Philip Matthews, a Haringey youth worker with experience of dealing with the gangs, said: "Small groups of them will go into shops and restaurants and demand protection money. If they don't pay up they will try to smash a few things."

The baggy trousers and the oversized white shirts favoured by the gangs have nothing to do with the Triads and everything to do with what streetwise Chinese youngsters in London regard as the height of fashion.

Mr Thompson said: "Some may have vague links with the Triads but they are very much on the periphery. The main gangs find them a bit of an embarrassment because they are used to doing things rather more discreetly."

"They style themselves as Triads but the only ones who may have slight links are some of the 19-year-olds who run some of the gangs of 14-year-olds."

Police are keen to play down links to organised crime but admit some teenagers who carry out the recruiting have links to the Triads and try to emulate them.

"It has been quite difficult for the police to deal with because we didn't want to glamourise the whole thing," said Chief Inspector Tony London, youth liaison officer for Southwark, south London.

"We got groups of teachers together to try to explain the situation. Our policy now is to try to persuade people not to get involved because once they are sucked in it is very difficult for them to get out."

School and street gangs have existed for years and fights are nothing new. What has changed is the willingness to use lethal weapons and the fact that stylised violence has become part of their culture.

The real worry is not that the Triads are recruiting in schools but that teenagers are learning organised crime can pay in a world which offers only unglamorous alternatives.

Those who attempt to leave

the gangs are required to make payments of up to £360. Those who cannot face violence. In Croydon, the windows of the house of one schoolboy who wanted to leave a gang were smashed in, and his parents threatened with knives.

Triad graffiti has been spotted outside schools and senior gang members are sometimes given the nickname Di Lo, which means Big Brother. But only a handful of the older gang members have anything to do with genuine Triads and they are very much on the fringes.

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"They style themselves as Triads but the only ones who may have slight links are some of the 19-year-olds who run some of the gangs of 14-year-olds."

Police are keen to play down links to organised crime but admit some teenagers who carry out the recruiting have links to the Triads and try to emulate them.

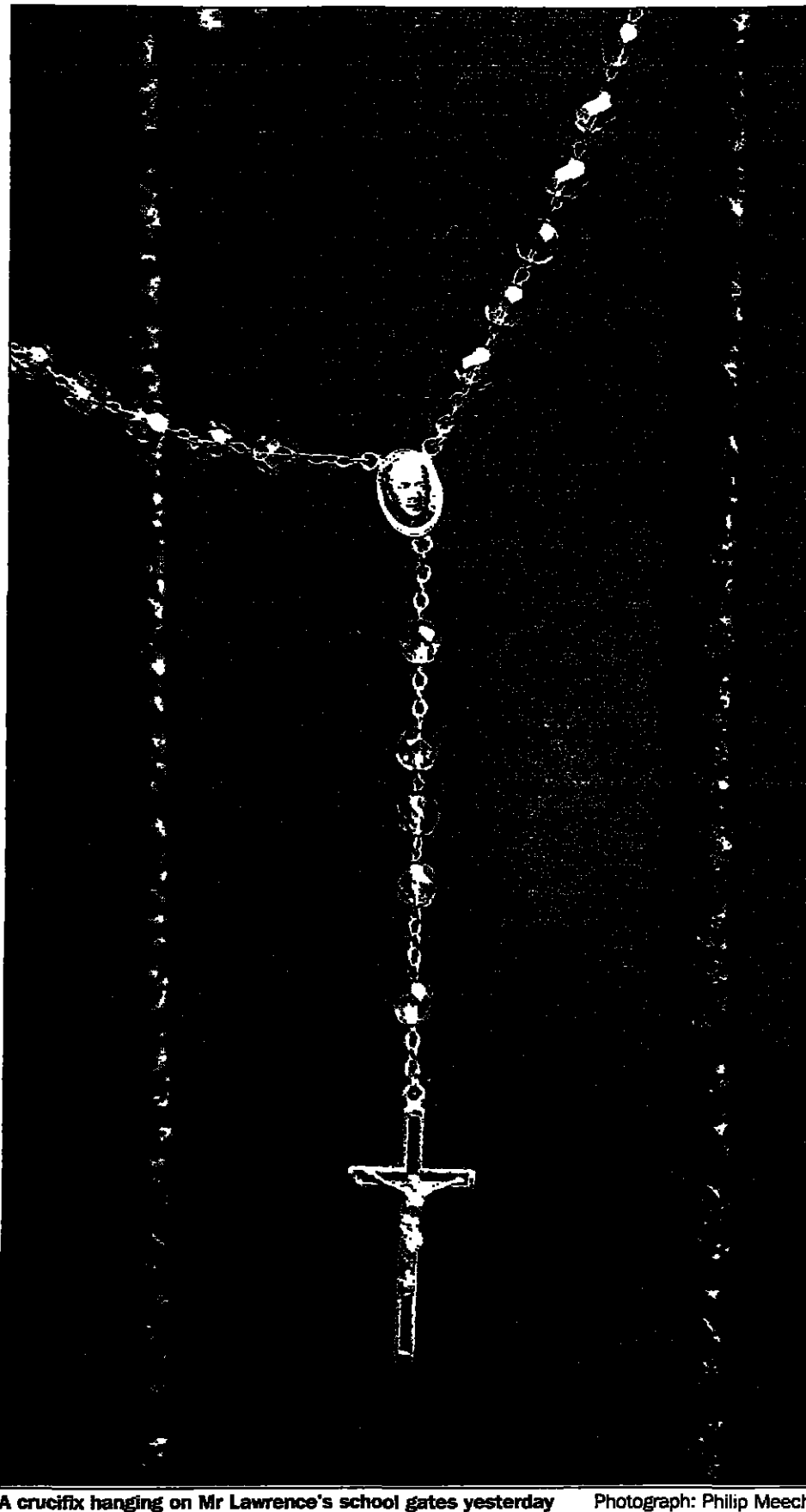
"It has been quite difficult for the police to deal with because we didn't want to glamourise the whole thing," said Chief Inspector Tony London, youth liaison officer for Southwark, south London.

"We got groups of teachers together to try to explain the situation. Our policy now is to try to persuade people not to get involved because once they are sucked in it is very difficult for them to get out."

School and street gangs have existed for years and fights are nothing new. What has changed is the willingness to use lethal weapons and the fact that stylised violence has become part of their culture.

The real worry is not that the Triads are recruiting in schools but that teenagers are learning organised crime can pay in a world which offers only unglamorous alternatives.

Those who attempt to leave



A crucifix hanging on Mr Lawrence's school gates yesterday

Photograph: Philip Meech

WILL BENNETT

Nothing could have been more different from Philip Lawrence's own background than the west London school where he was headmaster and outside which he was stabbed to death on Friday.

Mr Lawrence, 48, was the son of Indian Army officer and educated at Ampleforth in North Yorkshire, one of Britain's most prestigious Roman Catholic public schools, and Queen's College, Cambridge.

He began his teaching career as an English master at St Benedict's, Ealing, west London, which, like Ampleforth, is run by Benedictine monks. But it was in the state sector of education that he found his natural niche, relishing the challenges and difficulties facing those from a less privileged background than his own.

"Although he came from quite a privileged background, he always wanted to teach in the state sector and help children with few advantages," said Dennis Costello, who taught with Mr Lawrence at St Benedict's.

Mr Lawrence went on to Gunnersbury School, Brentford, and then St Mark's, Hounslow, both in west London, before becoming headmaster at Dick Sheppard School in Brixton, south London.

There he was attacked but his experience of violence at the school, since closed down because of its problems, did not deter him from the difficult world of inner-city teaching.

At St George's Roman Catholic School, Maida Vale, west London, where he met his death, he was faced by serious disciplinary and academic problems in a socially and ethnically mixed area.

He was driven by a vision that not only should the school improve but that it could do so. In his two years there he turned it



Philip Lawrence: Relished role in inner-city education

round and won the respect of pupils and parents, who recognised him as tough but fair and caring.

Realising that many pupils had not yet grasped the educational basics, he retrained specialist subject teachers so that a history teacher would also teach children to write during lessons in that subject. Examination results at St George's improved and parents began to compete to send their children there.

Mr Lawrence bought new padlocks to put on doors and gates and kept a check on visitors because he believed that pupils could learn better in a secure environment and that parents rightly expected that their children would be safe at school.

That belief in safety cost him his life when he characteristically and unhesitatingly went to the aid of William Njoh, aged 13, as he was attacked by a gang outside the school.

He was a devoted family man and he and his wife Frances have four children, three daughters Maroushka, 21, Myfany, 19, Unity, 13, and one son Lucien, 8. They were yesterday comforting their mother at the family's semi-detached home in Ealing.

'Do not let yourselves be frightened by this evil'

JAMES CUSICK

"Do not let this evil frighten you". On the second Sunday of Advent yesterday, when the Sacred Heart church in Kilburn, north London, is normally counting down the days to the birthday of Christ, it was instead contemplating a death, a murder, and a "devastating" loss.

Those who sat in the pews of the Roman Catholic church just off Kilburn High Road had come to hear mass. That is routine for a Catholic community. Yesterday all that had changed.

In the pockets of most parishioners was the weekly newsletter penned by Father Ray Warren, a governor of St George's School which starts the week without a headmaster. The small newsletter is hardly ever properly read. Again, that was not the case yesterday.

During mass some worried parents read discreetly Fr Warren's words in the newsletter.

"The evil that exists in our society has caused the death of this good man, deprived his wife and children of his love and attacked our whole community at its very heart. That is, at our school."

"St George's is a good school," said Fr Warren. "Do not let this evil frighten you."

After mass, one parent said: "We are not frightened because we haven't had the time



Mourners laying wreaths at the school gates yesterday

Photograph: Philip Meech

yet. We are still in shock that murder has happened on our front steps of the place where our children are educated."

As the school governors and representatives met to discuss what measures could be taken to allay fears for the future — such as improved security, counselling for pupils and the temporary closure of the school as a mark of respect for Philip Lawrence — the gates of his Maida Vale school continued to be

the focus of pupils' grief. The flowers that were begun to be laid on Saturday were building into a makeshift shrine to the memory of their headmaster.

At the home where Mr Lawrence left headmaster behind to become a husband and father, yesterday was a difficult day. A neighbour said the family were "trying to celebrate Christmas as best they can".

The Lawrence children Lucien, aged 8, and his three older sisters, Maroushka, aged 21, Myfany, aged 19, and Unity, aged 13, were all with their mother, Frances, yesterday.

According to Father Charis Piccolomini, who administered the last rites to Mr Lawrence, said: "Frances has told the children: 'The first thing we will do when we get home is do what daddy would have done tonight. We are going to go up to the loft and bring the Christmas tree down.'"

Deadly classroom battleground

JOHN CARLIN
Washington

Surveillance cameras, two-way radios, hand-held metal detectors, X-ray machines of the type used in airports, magnetic door locks with secret codes: these are some of the paraphernalia deemed essential these days for crime-control in America's inner city schools.

The New York Board of Education employs 3,000 full time security guards between 10 and 20 of whom are deployed at any given moment in each of the city's high schools. They patrol the schools armed with handcuffs and radios and the legal authority to make arrests, confis-

cate firearms and conduct random searches without warrants.

The job of school security officer has become a career, with promotion possible to bureaucratic positions at New York's School Safety Division. The preferred requirements for an applicant include a degree, military experience and knowledge of a foreign language. Training takes three months.

Throughout the United States an entire industry has evolved around the imperative to try to make the schools less unsafe. Increasingly the job of school principal resembles that of a prison superintendent.

The FBI reported recently that while crime generally is de-

clining in the US, among teenagers it is increasing at an alarming rate. And schools are one of the main battlegrounds.

School incidents reported in the last two months include: in Florida a boy of 14 pulled a semi-automatic gun and shot dead a 13-year-old classmate who he claimed had been bullying him; in Denver a boy of 16 was shot dead with one blast from a sawed-off shotgun; in New York a girl of 14 was slashed in the face by a group of five girls using box-cutting knives — the victim required 108 stitches.

This last incident prompted New York's mayor, Rudolph Giuliani, to ban the sale to mi-

nors of box-cutters, razor sharp tools encased in plastic which tend to evade metal detectors. School security officers confiscated 2,247 box-cutters in New York in the last year.

Guns, however, remain the greatest threat. Police in Baltimore reported 122 incidents of gun crime in the city's schools in 1994. But there has been some encouraging news. The introduction of metal detectors and security patrols have reduced the incidence of gun-related crime in a number of city schools. In Dade County, Florida, the number of gun-related incidents declined from 228 in 1993 to 110 in 1994; in St Louis it was down from 160 to 121.

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Jane Ashley of Laura Ashley

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news

David and Goliath: Environmentalists milk publicity as burger chain spends £2m on 18-month hearing set to end in summer

'McLibel' case sets record for longest action

DANNY PENMAN

The McDonald's libel trial becomes the longest civil case in British history today after nearly 18 months of arguments about sewage on restaurant floors, workers' rights, and accusations that the burger chain is sexist, racist and homophobic.

Adrian Brett, witness number 85, will take the stand in the High Court in London at 10:30am and give evidence about the burger chain's Colchester store. His allegations will be the latest in a long line that have been disseminated around the world.

Initially expected to run for four months, the David and Goliath action is expected to have Mr Justice Bell in his seat at Court 35 of the Royal Courts of Justice in the Strand until the summer. The case was deemed too complicated for a jury.

McDonald's is suing two environmentalists from north London to stop the stream of allegations against the burger chain. Helen Steel, 30, and Dave Morris, 41, stand accused of distributing a leaflet which claims the company sells food

linked to heart disease and cancer, cuts down rainforests, and abuses its workforce. It also stands accused of corrupting children with its advertising.

The allegations, a distillation of paranoia that could be hurled at virtually any multinational, were contained in a leaflet called *What's wrong with McDonald's?*

The flyer had a cult following among green activists in the 1980s. Then, just as its circulation was beginning to fall, McDonald's decided to begin court proceedings against five people from London Greenpeace it believed was responsible for producing and distributing it.

Three of the group apologised to the \$26bn corporation and promised not to repeat the allegations. Helen Steel and Dave Morris did not. McDonald's sued for libel and the pair decided to fight.

Eighteen months after the start of the trial the 'McLibel Two' are claiming victory. "We've already won because we've not been silenced," said Ms Steel. "More than 1.5 million leaflets have been handed out since the start of the trial

and thousands of campaigners have pledged to carry on handing them out whatever the verdict. They've just given us a worldwide platform to air our criticisms."

McDonald's claims it was forced into taking legal action because they feared that if they did not people would assume the allegations were true. There have been several attempts to settle but the battle is expected to last another eight months.

Since the start of the trial numerous high ranking McDonald's executives have been forced to testify, including one board member, and resources worldwide have been used countering media interest.

The burger chain's legal bill is now believed to have topped £2m, while that of Ms Steel and Mr Morris, who are defending themselves, has been financed by debt, cheques and contributions. A support campaign produces a trial summary which is posted on the Internet.

The previous record for an English civil action, in which two farmers sued over alleged damage to cattle by waste incinerators, lasted 198 days.



Once bitten: The 'McLibel Two', Helen Steel and Dave Morris, marking the first year anniversary of their defence in June. Photograph: Peter McDiarmid

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EU Referendum: New party could torpedo Major

Tory alarm grows at Goldsmith threat

JOHN RENTOUL
Political Correspondent

Sir James Goldsmith's Referendum Party could deprive the Conservatives of 12 seats, an expert said yesterday, amid growing alarm among Tory MPs.

The Anglo-French millionaire's party threatens to stand on the single issue of Europe, in any seat where no main party candidate has pledged a referendum on membership of the European Union.

Sir James's television interview last weekend worried some Tory MPs, and increased the pressure on John Major to promise a referendum on the single European currency. Sir James insisted Tory candidates would have to commit themselves to a referendum on the Maastricht Treaty itself to avoid having a Referendum candidate against them - but many feel the simple promise of a referendum on the single European currency would satisfy many of the

potential voters for Sir James's party.

Colin Rallings, of the University of Plymouth, said: "They are right to be worried. To hold on at the next election, the Conservatives have to do as well as they did in 1992, and Labour have to do as badly, and the Referendum Party could still stop the Conservatives winning."

He calculates that if Sir James's party wins 1.5 per cent of the electorate, two-thirds of whom would otherwise have voted Tory, the Tories would lose 11 or 12 seats to other parties. "Our assumptions about the prospects for the Referendum Party are extremely modest - but fair if you look at the history," Mr Rallings said.

Green Party candidates won an average 1.8 per cent of the vote at the last election.

"The amount of money he says he'll spend could make a lot of difference in some constituencies," David Shaw, the Euro-sceptic Tory MP for marginal Dover, said yesterday.

Sir James is reported to be prepared to spend £20m on his campaign - close to matching the spending of each of the two main parties. He is believed to be ready to employ a polling company and an advertising agency. He would also qualify for a party political broadcast.

The Referendum Party held a training session for candidates last weekend, although so far it has only two big names: Sir Alan Walters, Baroness Thatcher's former economic adviser, who will challenge the Chancellor, Kenneth Clarke for his Rushcliffe seat, and Sir James himself, who has not decided where he will stand.

After last week's interview, the BBC logged 30 calls from members of the public in support of Sir James, or inquiring about how to join his party.

DONALD MACINTYRE
and JOHN RENTOUL

The growing Conservative consensus behind a pre-election promise of a referendum on a single European currency is underlined today by public backing for the idea from a former senior adviser to Douglas Hurd.

Speculation that John Major will promise not to join a single currency without a referendum is heightened by the call from Michael Macley, writing in this newspaper, for a "populist and principled" pledge to let the people have the final say.

Mr Macley, who was the senior political adviser to the former foreign secretary until he left the Cabinet in July, says such a commitment would give Mr Major the "political and moral high ground for the stormy period leading up to the election".

Mr Macley's article is written on his own account, but it closely echoes arguments Mr Hurd himself is understood to have

deployed within the Cabinet after coming round to the idea. Mr Macley argues a referendum pledge would keep intact the Prime Minister's policy of neither ruling in nor out joining a single currency, and bridge the divide in the Tory party.

Coming from the pro-European left of the party, Mr Macley's call will strike a chord with a number of Tory MPs on the Euro-sceptic right who have been pressing Mr Major for a referendum. John Redwood, the former Welsh Secretary, backed a referendum in his summer leadership campaign against the Prime Minister.

Mr Macley says the people should be consulted "if, and only if, the Government were itself to recommend that joining the final stage of economic and monetary union would be in the national interest".

Before leaving the Cabinet, Mr Hurd secured significant Cabinet support for a referendum, including that of Michael Howard and Malcolm Rifkind.

Comment, page 15

Former Hurd aide backs idea of vote

DAILY POEM

The Perils of Diplomacy

By Sir Thomas Wyatt

*My galley charged with forgetfulness,
Through sharp seas in winter nights doth pass
Tween rock and rock, and still my foe, alas,
That is my lord, steereth with cruelness;
And every hour a thought in readiness,
As though that death were light in such a case
An endless wind doth tear the sails apace
Of forced night and busy fearfulness.
A rain of tears, a cloud of dark disdain,
Have done the wearied cords great hindrance;
Wreathed with error and with ignorance,
The stars be hid that lead me to this pain;
Drowned is reason that should be my comfort,
And I remain, despairing of the port.*

Sir Thomas Wyatt (1503-42) diplomat and poet, in his experiments with metre and diction encouraged the development of English poetry and lay the foundations for the work of the great Elizabethan poets, Edmund Spenser, Sir Philip Sidney and William Shakespeare. Wyatt served Henry VIII and this poem with its imagery of stormy seas and perilous passage is a scarcely concealed metaphor of the hazards of life at the Tudor court. It appears in *Through the Glass Window Shines the Sun*, an illustrated anthology of medieval poetry and prose published by Little, Brown at £13.99.

Smile - to fight cost of stress

Workers will be urged to smile this week to help relieve stress, which now affects one in three employees and is one of the main causes of ill-health, according to a new report.

A campaign by the British Safety Council aims to raise awareness of the dangers of stress, amid claims that employers ignore the problem.

As Christmas is one of the most stressful times of the year, the council will launch *Smile for Safety Week* tomorrow.

Its report said 90 million working days were lost every year through stress-related illnesses, costing British industry £1.3 billion in absenteeism.

More than 150,000 people now received counselling for stress, twice as many as 10 years ago.

سكايت الامل

Brent debacle: Report reveals how one section of Tory-controlled council lost £400,000



From Willesden to Schiphol: 14 members of Ad Shop, the staff-recruitment arm of Brent Council, flew to Amsterdam Airport for a staff meeting, an independent report claims

Why did a needy council spend thousands on a one-hour meeting in Amsterdam?

CHRIS BLACKHURST
Westminster Correspondent

The recruitment section of Brent Council, north-west London, lost £400,000 of public money, including thousands to hold a staff meeting at Schiphol airport, Amsterdam, according to an independent report.

Labour is demanding that the district auditor investigate Ad Shop, the arm of the north London Conservative-controlled council responsible for placing advertisements and recruiting staff. Labour says that, if necessary, councillors should be surcharged.

The Opposition is also seeking the head of Bob Blackman, the present leader of Brent Council. They claim he tried to prevent an independent report into the debacle being discussed in public and maintain he should resign from the council and stand down as Tory candidate for Bedford.

An independent report commissioned by the council stated that Ad Shop lost £400,000 of the council's money. Set up three years ago and wholly owned by the council, Ad Shop was wound up in February this year. The report, prepared by a former police officer, Derek Owen, found that £23,800 was spent on alcohol, lunches and flying 14 people to Amsterdam for a one-hour staff meeting in the airport's VIP lounge.

Ken Livingstone, MP for Brent East, has tabled two Commons early-day motions also signed by Brent South MP Paul Boateng, highlighting his concern at events at Ad Shop and the Owen report, which, Mr Livingstone claims, the council has tried to suppress.

Mr Livingstone alleges in the motions that Mr Blackman insisted the Owen report be discussed in closed session, hired Securix to distribute it, and ordered councillors to sign an un-



Ken Livingstone (left) and Paul Boateng, Labour MPs for Brent, allege in early-day motions that losses were covered up



dertaking not to show it to anyone. "The report is printed on bright red paper so that it cannot be photocopied. To be doubly certain, every sheet of the report, which is several inches thick, has the name of the councillor receiving it woven into the paper," said Mr Livingstone. The motions, together with a speech he made to MPs in the Commons chamber debating the Second Reading of the Audit Bill, describe the latest controversy to hit Brent. The losses were covered up, claims Mr Livingstone, because Richard Buckley, the chair of the Brent Business Board, the body that oversaw Ad Shop, was having an

affair with Ruth Jackson, Ad Shop's director. Mr Livingstone alleges that Mr Buckley "had a clear and substantial non-pecuniary interest... and used his position to prevent these losses coming to light".

The Owen report says the affair began in October 1993 and was reported by Mr Buckley to the council's chief executive, Charles Wood. Mr Livingstone is demanding to know if Mr Wood reported the affair to the council leader and if he advised Mr Buckley to stop chairing Brent Business Board meetings.

Thirteen Ad Shop workers lost their jobs following the losses but, Mr Livingstone says, Mr Buckley intervened to pressure the council official John Walker, to raise Ms Jackson's redundancy payment by £6,700.

The Owen report questions the legality of this pay-off and draws it to the district auditor's attention. The report also recommends the district auditor in-

vestigate the specific loss on the trip to Schiphol. "We can only imagine if Lambeth council had done that," said Mr Livingstone. "Conservative members would have been very unhappy."

Ad Shop's fall, concludes the Owen report, was brought about by ideological zeal. A drive to privatise many of Brent's functions by breaking the council organisation into 170 business units, including Ad Shop, was flawed by "the failure... to implement a sound infrastructure in support of the business units from inception, coupled to an almost total lack of positive or effective monitoring". This, Owen says, was "the primary cause of the Ad Shop's demise and subsequent closure".

A spokeswoman for Brent council said yesterday: "We can't comment because the Owen report has not yet been made public." She added that the council would decide soon whether to publish it.

Air pioneer's bequest in memory of sweetheart

ANDREW HARTLEY

A pensioner who was one of the first women ever to fly and lived alone in a council flat, left £2m when she died.

Included in Margaret Gill's will was a bequest for £400,000 to the Norfolk lifeboat station which had searched for her wartime sweetheart after he ditched his plane in the North Sea.

Miss Gill, aged 87, never married. The search by the lifeboat crew at Wells-next-the-Sea, north Norfolk, proved fruitless, but before she died, Miss Gill told friends and neighbours in Walton-on-the-Hill, near Reigate, Surrey, that she would repay the lifeboat station for its efforts.

She left her entire fortune, which she had inherited, to charity.

A close friend, Mary Bush, said the spinster never got over losing her sweetheart: "She told me once that she would love to have had children but it was not to be. She said something about how the young man who might have fulfilled that was lost at sea."

Mrs Bush said she had never seen any evidence of the pensioner's huge fortune: "There's no way you could have called her extravagant. Her towels, sheets and blankets all had holes in them. She lived in a council flat and it's no wonder she did not get a reduction in rent".

Miss Gill's god-daughter Carol Murphy said: "During the war she flew bombers from manufacturers around the world to airbases. She knew people in the Air Force. I was told she left money to the RNLI because there was a man who she was fond of who was killed in the war."

"He was a pilot and I think his plane may have ditched in the sea. According to stories in the family she had been totally deaf since childhood and learned to fly to help build up her morale. Her doctor told her that to build courage she should

try something that no woman had tried before."

"Amy Johnson had flown to Australia solo in one direction and I think that Margaret flew the other way, although she was fiercely private about it and never wanted publicity."

The lifeboat station at Wells-next-the-Sea has been there since 1869 and money from Miss Gill's bequest is expected to be spent on its upkeep.

In one crash, in 1942, a Lancaster bomber crashed off the coast of Norfolk and a crew from Wells-next-the-Sea was launched. The pilot was pulled from the wreckage but died, despite vain attempts by the crew to save his life.

Miss Gill, a minister's daughter, worked as an auxiliary nurse at the Chailey Heritage Hospital for crippled children during the early 1930s.

She then set her heart on becoming a pilot - an extraordinary ambition at a time when women motorists were rare. After flying lessons at Gatwick, she moved to India, where she managed to continue her flying with friends in Madras. On her return to England, in 1935, she decided to pass all of her flying tests before approaching the Air Ministry for her licence.



Margaret Gill, in a photograph dating from around the time of the First World War

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Labour faces test over quotas for women MPs

JOHN RENTOUL
Political Correspondent

The legality of Labour's policy of reserving half its winnable parliamentary seats for women will be tested in Leeds Industrial Tribunal today as two men open their sex discrimination claim against the party.

The policy has split the Labour Party, but also divides its opponents. The Conservatives have attacked it as "political correctness run wild", but are also embarrassed by Labour's choice of 39 women candidates in winnable seats. Only two women have been chosen to fight safe Tory seats, while three Tory women MPs are retiring. Senior sources at Tory Central Office say they will ensure that the approved list of candidates – at present split 450-150 in favour of men – is split half-and-half between the sexes after the next election, although local Tory associations would not be required either to shortlist or select women.

Meanwhile, Peter Jepson, a part-time law lecturer blocked as a Labour candidate for two London seats, sees himself in

the role of David against an establishment Goliath – a view dismissed as "self-pitying" by Labour supporters of women's quotas, who point out that men will still comprise over three-quarters of Labour MPs after the next election.

Mr Jepson will represent both himself and Roger Dyas-Elliott, who is barred as a candidate in Keighley. He will have "limited" help from the Equal Opportunities Commission (EOC), and unpaid help from a newly qualified barrister. The Labour Party will be represented by a leading Queen's Counsel, James Goudie, who once shared an office with the Labour leader Tony Blair in the chambers of Lord Irvine, the shadow Lord Chancellor.

Mr Jepson, who says he is in favour of more "positive action" to help women into parliament, claims the policy breaches the 1975 Sex Discrimination Act and the 1976 European equal-treatment directive. The case will turn first on whether, under the Act, the Labour Party in safe Labour seats can be seen as a professional body conferring qualifications by controlling

access to the "profession" of being an MP. The tribunal is likely to take the view that the choice of MP is a matter for constituency voters, but if there is ambiguity in the Act, Mr Jepson claims it must be interpreted in line with the Euro-directive.

Mr Jepson, a 44-year-old PhD student, has a master's degree in labour law and is studying race discrimination for his thesis, and has been a party member for 16 years. He was a local councillor in Tameside, Greater Manchester, until 1989.

Labour's policy has split legal opinion. Last year the EOC obtained counsel's opinion from Michael Beloff QC – head of Mr Blair's wife Cherie Booth's legal chambers – that the policy was lawful. But Lord Lester, who advised the former Home Secretary Roy Jenkins on discrimination law, says it is not.

Mr Blair has been unenthusiastic about the policy. In July, he described it as "not ideal at all", and said it would apply only to the next general election, before coming under review.

The case, postponed from 27 July, is scheduled to continue until next Monday.

A river reborn: Pioneering project to restore waterway to 17th-century glory



Fresh water: The River Cole, in Wiltshire, which could become a model for regeneration Photograph: John Lawrence

Turning back the tide of industry

MICHAEL PRESTAGE

A two-kilometre stretch of the River Cole, near Swindon, in Wiltshire, has been restored to its 17th-century state as part of a pilot project to show how water courses damaged by hundreds of years of industrialisation and intensive agriculture can be transformed.

Those who have contributed to returning the river to its natural state – including the National Rivers' Authority, the National Trust, English Nature and the Countryside Commission – hope it will be a showcase for what can be achieved on rivers across lowland England.

A similar scheme is being undertaken along the length of the River Skerne, Darlington, to show the improvements possible in an urban environment where industry has taken its toll.

Work on both projects is being carried out by the River Restoration Project (RRP), an organisation which brings together the various bodies involved in river management.

The RRP believes that subsidies under such schemes as "set-aside", where farmers are paid not to farm, could be better used to restore rivers and their natural flood plains. The benefits for conservation, recreation and economic use will be studied on the Cole.

The River Cole runs from Swindon to Lechlade, where it joins the Thames. On the transformed stretch at the village of Coleshill, the river had become little more than a glorified ditch before work began.

Surrounding flood meadows were drained to allow corn and, more recently, rape, to be grown. The stubble of last summer's crop can still be seen, but now the restoration work is complete, flooding will again take place across 120 acres of meadow. It is hoped that wildlife will flourish.

The engineering work completed last month at a cost of £1m means the river is back in its meandering form, its depth has been reduced to four or five feet, fords, banks, new bridges and sluice gates have all been put in place.

Whiplash warning for drivers

CHRISTIAN WOLMAR
Transport Correspondent

Over half of motorists are at risk of serious neck injuries because their head restraints are badly adjusted, according to a survey by the RAC.

A spot check by the motoring organisation found that 55 per cent of head restraints were set at the wrong position to prevent whiplash injuries in the event of an accident.

Edmund King, campaigns manager of the RAC, said: "The top of the head restraint should be set level with the top of the driver's head rather than at neck height. If it is at neck height, in an accident the head is thrown back over the top of

it and it can be worse than having no restraint at all."

Canadian research found that as men are generally taller than women and restraints are generally set too low, twice as many men as women have poorly positioned restraints.

Mr King said that while whiplash is classified as a minor injury, the after-effects are often severe. Sufferers spend an average of 39 days off work and at least 8 per cent have not recovered fully four years after the accident.

A recent study by the Transport Research Laboratory found that 70 per cent of people slightly injured in road accidents suffered whiplash. The average compensation for

whiplash injury is £1,200 and the RAC says that research by the Department of Transport suggests that the cost to the UK economy is £2bn per year.

The RAC is combining with its European counterparts to press the European Commission to lobby for universal standards of head restraint. The RAC says they should be required to have a minimum height, be fitted in such a way as to reduce the distance between the head and the restraint and should be stiffer and tougher than many of the existing restraints.

Better restraints would not only reduce the seriousness of injuries in many crashes, but also prevent many injuries.

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The Royal Ballet



Photograph: Bill Cooper

Tomorrow win tickets for The Nutcracker

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Bosnia peace process: France warns Dayton deal may be thrown into jeopardy if Serbs play cat-and-mouse

Deadline runs out over pilots

MARY DEJEVSKY
Paris

As France's deadline approached for the Bosnian Serbs to produce the two missing French pilots, there was no sign the Serbs were willing to comply, and speculation mounted that the pilots, shot down three months ago, were dead. The French Foreign Minister, Hervé de Charette, said in London on Friday that if the men were not handed back by midnight yesterday, the entire Bosnian peace process could be in danger.

Last week, President Jacques Chirac threatened the Bosnian Serbs with unspecified consequences if the pilots were not produced, and at last week's Peace Implementation Conference in London, France made clear that prospects for peace in former Yugoslavia could hinge on the fate of the pilots. Paris is keen to ensure that there is clarity about the pilots before it hosts the ceremonial signing of the Dayton accords in Paris on Thursday.

The magazine *Paris Match* published photographs in September that purported to show the two pilots, Frédéric Chiffot

and Jose Souvignet, still alive after their Mirage jet was shot down over the Bosnian Serb headquarters, Pale, on 30 August. Early last week, the French Defence Minister, Charles Milon, said he had information that the two were being held by a Bosnian Serb group.

But Mr Chirac said later he had no reliable information even that the pilots were alive. A French parliamentary delegation went to Belgrade last week to find out more, but left with no further information.

The most bizarre contribution was a statement two months ago by President Slobodan Milosevic of Serbia that the two pilots had been removed from a hospital in Pale and their whereabouts was no longer known.

The statement was interpreted variously as strange enough to be true, or a fabrication to cover up the fact that Mr Milosevic had been unable to produce them.

Last week, one French report said the two had been seriously injured while in captivity – it was speculated that one had lost a leg – and that this was the reason both why they had been in hospital and why they had not yet been handed back.



Faith in action: A Muslim brigade of the Bosnian army marching in a military parade in Zenica, central Bosnia

Photograph: Reuters

At the same time, Radovan Karadzic, the Bosnian Serb leader, said that Mr Chirac could speed up freedom for the pilots if he obtained assurances for Bosnian Serbs over their future in Sarajevo.

Officially, France expressed disgust that the safety of the

pilots could be treated as a bargaining chip. Since the accords were agreed in Dayton, Ohio, however, France has argued for improved guarantees for Bosnian Serbs in Sarajevo.

It was impossible to say whether Mr Karadzic's veiled threat meant the pilots were still

alive or whether it was a last, cynical attempt to benefit from the continued uncertainty.

One reason why Mr Chirac and French ministers insist on clarity about the pilots' fate is that French public opinion has been unusually concerned about their plight.

In the past, France has taken military casualties as a fact of war. All French troops in Bosnia volunteer for the posting, and even the loss of more than 50 men in Bosnia so far has caused no public outcry.

The plight of the two pilots, however, has stirred opinion in

France. The pilots' wives have written to Mr Chirac, asking for an explanation; Mr Chiffot's father has lobbied local politicians in southern France. Last week the Nancy symphony orchestra gave a fund-raising concert near the air base in Lorraine where the men were stationed.

CHILDREN OF WAR APPEAL

The Independent's appeal for the children of former Yugoslavia has now raised more than £50,000. We are asking readers to support four charities working to help child victims of the Balkan wars: Child Advocacy International, Save the Children, the Red Cross and War Child. Please donate, using the coupon printed below.

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THANK YOU

Drive to rebuild Bosnia leaves UN in the cold

MICHAEL SHERIDAN
Diplomatic Editor

An entirely new structure for peace enforcement and the rebuilding of Bosnia has been established following the Peace Implementation Conference in London, which concluded on Saturday.

Although overshadowed by the drama of the two missing French pilots, the conference decided the framework for the international effort over the next 12 months.

The London meeting abolished the old International Conference on Former Yugoslavia, which operated under the United Nations in Geneva. The transition to a Peace Implementation Council marks the burial of the UN's political authority in the Balkans. The UN Secretary-General, Boutros Boutros-Ghali, was given a walk-on role at the London conference. But the UN secretariat will now digest this blow to its prestige, which signifies the

end of the extravagant hopes reposed in the UN as an instrument of a new world order after the Cold War.

The UN will not be represented on a Steering Board of the Peace Implementation Council, which will be made up of the Group of Seven industrial countries (Britain, the US, Canada, France, Germany, Italy and Japan) together with Russia, the European Union and the Organisation of the Islamic Conference.

This broad spectrum of interests will be overseen by Carl Bildt, the former Swedish prime minister, who was named as High Representative by the London conference.

Mr Bildt will play a critical part in maintaining relations between the civilian operation and the Nato Peace Implementation Force, dealing with the Supreme Allied Commander-Europe, General George Joulwan of the United States. Mr Bildt said one priority is to reassure the Serb inhabitants

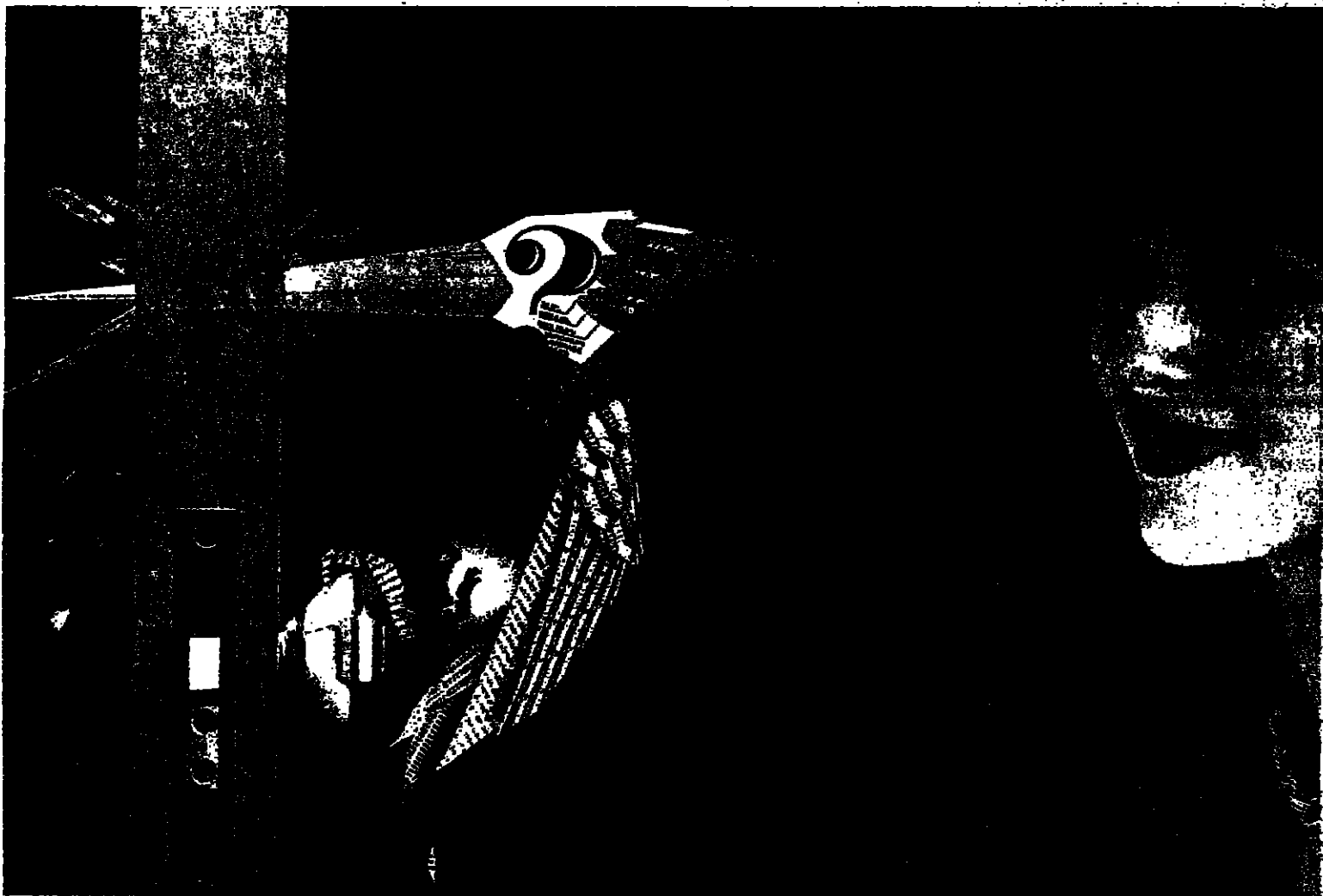
of Sarajevo whose suburbs are due to pass under government control. "I have told the government of Bosnia to make statements and to take actions designed to help the confidence of the Serbs," he said.

Mr Bildt said he would establish a presence in the Serb capital through an international police force and humanitarian aid. A Human Rights Task Force will operate throughout Bosnia.

The UN High Commissioner for Refugees, Sadako Ogata, called for the creation of a Trust Fund to start housing repairs and building new homes.

Reconstruction efforts also are to be speeded up by the World Bank and the International Monetary Fund.

Elections across Bosnia are to take place within six to nine months. The London conference pledged full support for a mission of the Organisation for Security and Co-operation in Europe, which will prepare and conduct the elections.

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THINKERS OF THE NINETIES

Economic prophet of the Information Age



No other management guru has more pulling power, says **Bryan Appleyard**. His message to companies is: beware the nation-state, it can damage your outlook

The Information Age is an incomprehensible cliché. Every one knows that we are in or approaching it, but no one knows quite what it means. Even technocrats such as Bill Gates succeed only in evoking a general sense of global revolutionary transformation. What exactly it means, what precisely is going to happen – what, most urgently, we are supposed to do about it – all remain shadowy uncertainties.

For the individual this may be a marginal issue. For the company, however, it is a matter of life and death. Information technology has proved a corporate killer, destroying old companies, creating new ones and detonating the complacency of once impregnable fortresses such as IBM. And in the wake of IT comes globalisation, the transformation of the world into a single market through the instant availability of information, the philosopher's stone of the new age.

Companies, even small ones, now know they must surf the global technological wave or die. The trouble is, they must do so in ignorance. They know that change is happening, they may know a few general trends, but beyond that there is a predictive vacuum. Into this vacuum have rushed the management theorists – technocratic gurus offering corporate solutions. In Club Class you see ranks of eager managers consuming their books for hints about what to do next, how to get on. From such books and from conferences, big money is to be made and so, unsurprisingly, some of these gurus are plainly frauds. Others deal in the minutiae of management, some with the culture of companies. But the most interesting of them attempt to explain the whole world to the company mind. And of these, the most important is the Tokyo prophet, nuclear engineer turned management consultant Kenichi Ohmae.

Ohmae's importance lies in the fact that he has become much more than a corporate adviser. For most of his career he has been a senior partner of the management consultants McKinsey & Co. But even when he was with McKinsey, he was voted the most influential person in Japan for his impact on public opinion. Now he has left to become a one-man consultancy for governments and companies.

Ohmae's central point is that we are moving into a single, information-driven economy. This subverts all existing frontiers and most contemporary knowledge. The nation state is

dissolving, to be replaced by regions of economic interest. Yet most of our economic information about the world still comes from state sources. It is, as a result, largely wrong. "In a borderless economy," he writes, "any statistical regime that takes the nation state as its primary unit of analysis is – and must be – badly out of date."

So, for example, the trade wars between the United States and Japan happen because there is thought to be a huge trade imbalance – Japan in massive surplus, the US in huge deficit. In reality, says Ohmae, there is no such imbalance. If an American silicon chip manufacturer sells chips in Osaka, they may well have been made in Malaysia and will not, therefore, show up in US exports. Once all such "hidden" deals are taken into account, both the surplus and the deficit vanish. The trade wars are being fought over an illusion.

The illusion is created by the antiquated interests of the nation state. The real economic units of the new world order are regions that cut across national borders. So the true interests of the north of Japan may lie, for example, in fishing deals made with eastern Russia rather than in bureaucratic subjugation to Tokyo or Osaka. In the case of the UK, Wales and Scotland may be better off working with New York, Hong Kong or Paris than with London.

This idea has immense political implications. The nation state tends to be driven by highly inefficient political considerations. In Japan, for example, the centrality of rice and its cultivation both to the culture and to the bureaucracy has led to a highly protectionist agricultural policy which results in uneconomic rice paddies persisting close to the centre of Tokyo, the most industrially dynamic region in the post-war world. This level of protectionism means that Japanese consumers, possessed of a home agricultural base, pay more for their food than the Singaporeans, who import everything they eat.

All nation states tend towards protectionism because they wish to preserve their own power. But information technology means that such policies will inevitably be undermined. A customer in Sapporo can order clothes, via credit card, from LL Bean in Maine and they will be delivered by DHL, bypassing local controls. Equally, even Japan's tight banking controls can be subverted and its low interest rates avoided simply by pho-

5: KENICHI OHMAE

In a borderless world, traditional national interest – which has become little more than a cloak for subsidy and protection – has no meaningful place

CAREER: Aged 52, Kenichi Ohmae was a physicist, receiving a PhD in nuclear engineering from Massachusetts Institute of Technology. He joined Hitachi as a senior design engineer on Japan's prototype fast breeder reactor before becoming a management consultant with McKinsey & Co. He now works on his own as a consultant to companies and countries. He has been voted the most influential person in Japan.

WORK: His two most influential books are *The Borderless World* (1990) and *The End of the Nation State: the Rise of Regional Economies* (1995). His ideas flow directly from his management consultancy work and are intended, therefore, to offer practical solutions.

LIFE: He lives in Tokyo with his wife, Jeannette, and two sons, who share his spare-time interests in music, sailing, motor cycles and scuba diving. He is chairman of Reform of Hesse, a citizens' political group aimed at reforming Japanese bureaucracy.

CRITICS: Rival consultants accuse him of simply being wrong, notably in his analysis of Japan – both his praise of its long-term thinking and his criticism of its bureaucracy. Academics find his ideas too crude to be useful; he seems to assume that the electronic age will overcome all cultural differences.



FRIESTLEY

ing or faxing a 24-hour banking service such as First Direct in Britain. Increasingly, economic transactions will become invisible to government.

Resistance to these developments will simply hold back economic growth. This is not, in Ohmae's terms, a political or philosophical argument, it is an acceptance of reality. His position is that of a hard, deregulating free-market. But he does not present this as a conviction or belief, rather as a clear-eyed perception of the way the world is going.

Culturally, this makes Ohmae something of a hybrid. At one level he can be seen as another propagandist of oriental economic dynamism. In this role he trashes the European Union as a hopeless, bureaucratic attempt to overrule regional economic interests. In contrast, he praises the Asian willingness to live with massive regional variations in economic performance. Some parts of China, for example, are 20 times richer than others and the Chinese accept this as an inevitable result of their rush to join the global economy.

Yet equally he does not necessarily make comfortable reading for the Asians. Indeed, his worldwide prominence is, to a large

extent, based on his scathing, fundamental criticisms of Japan. Japan's economic success, he insists, has been dangerously and narrowly based on a few product sectors – most obviously cars and consumer electronics. These have succeeded in spite of, not because of, the activities of Japanese institutions. Government has relentlessly defended its own bureaucratic position and sapped the wealth and energy of Tokyo and Osaka by delivering pork-barrel projects to rural regions which have no need of them.

The hope for the Japanese lies with what he calls the "Nintendo kids" – the new generation that has no intention of bowing to the bureaucratic demands of the old. They know how the information world works and see no reason to honour authority. This, in Japan, is a revolutionary position.

Ohmae stands in opposition to both Francis Fukuyama and Samuel Huntington. He rejects Fukuyama's "end of history" argument because he believes the end of the Cold War resulted in millions of people being freed to enter history with their own economic demands. He rejects Huntington's "clash of civilisations" thesis because conflicts frequently occur within civilisations and because he sees economic regionalism as a far more

powerful force than mere cultural difference. Such arguments are evidence of the intellectual crudity of his position. He completely misses Fukuyama's point: those millions are not, in his terms, entering history; they are acquiescing in the liberal democratic ideal which marks the end of ideological history. And Ohmae's dismissal of Huntington demonstrates a failure of imagination that runs through his work: he refuses to accept the power of culture and identity, probably assuming that even they will be subverted by the flow of information.

But this reflects Ohmae's roots in the culture of management consultancy rather than academia or strategic studies. Companies want strong, simple messages and workable solutions. Sensitivity to his market, Ohmae simplifies in his enthusiasm to sell the global, electronic future. Thus, the reflection that may make his ideas questionable and crude, but to the company man it makes them easily digestible. He has become, therefore, a particularly effective thinker.

What he says undoubtedly changes the minds of powerful people and, thereby, conditions us all, like it or not, to believe in the incomprehensible cliché that is the Information Age.

After the Three Graces... the one and only Elizabeth. The Victoria and Albert Museum has not been idle in following up its coup in part-purchasing and displaying Canova's masterpiece. It has decided to honour its former director, Dame Elizabeth Esteve-Coll, with a sculpture of her good self, which will have a prime position in the world's greatest museum of the decorative arts.

Commissioning artistic portrayals of museum and gallery directors is an interesting new trend, set against the background of declining subsidy and purchase grants – and one that I applaud. I trust, though, that gallery directors will allow themselves to be immortalised by the artists they have thrust on to the rest of us. Julia Peyton-Jones, director of the Serpentine Gallery, can be commemorated by a high-voltage Rebecca Horn sculpture which literally electrifies any nude visitor who tries to touch her. And when Nicholas Serota eventually leaves the Tate, who better to immortalise him than Damien Hirst? They would form queues half-way down Millbank to come and see Mr Serota cut in half and pickled in formaldehyde.

Computer games have found God. The first issue of *Essentials*, a new catalogue of Christian items, old and new-tech, is advertising "computer games that help children develop in their spiritual life". There is *Sunday Funday* ("hop on your skateboard and get to church while people are trying to stop you from getting there"). There is *Spiritual Warfare*, where you have to collect the full armour of God "without being distracted by the background gospel music" – presumably a click on the mouse at the wrong moment provokes a rousing chorus of "Onward Christian Soldiers"; but shouldn't that



be a spur rather than a distraction? And another game features Captain Bible in Dome of Darkness where, "armed with his computer Bible, Captain Bible must find his way through seven levels of action adventure and apply Scripture to destroy the forces of deception".

What awaits us in the second wave of Biblical computer games? Will we help Abraham sacrifice the ram with 640K RAM? Or will a full-colour graphics Eve hand Adam the apple on an Apple Mac and smile as he takes a megabyte?



Pete Best, not with the Beatles

The Beatles' *Anthology* continues its highly subjective progress on television. The sacking of the original drummer, Pete Best, was covered in three brief interviews with the surviving Beatles, but no attempt to get the views of Best himself, even though he is alive and available. I asked the Beatles' spokesman how often the Fab Three had run into Best since the night of the long drumsticks back in 1962. Incredibly, the answer is

never. I propose that the *Anthology* series should conclude with a head-to-head confrontation between Best and the men who deprived him of a fortune: 33 years of pent-up aggression unleashed would make a great climax.

I am glad to see that the new president of the Law Society, Martin Mears, has a proper sense of his own presidential gravitas. In the *Law Society Gazette* he chronicles his indignation at being asked to remove his watch and house keys (*inter alia*) by security men when paying a duty visit upon the Lord Chancellor.

"But I am the president of the Law Society visiting the Lord Chancellor by appointment," he announced in a regal manner. It was lost on the security guards: "Sorry, sir. We've got to apply the rules to everyone."

"What, even the Queen Mother when she makes a call?" asked Mears innocently. "Does she have to turn out her handbag?"

The security guard sighed, unmoved, as he helped Mr President to remove his watch. "Well, Sir, no offence, but you might be an imposter..."

Queen mothers, of course, have an inestimable advantage over Law Society presidents. Their faces are well known from the newspapers and television. And they do stick around rather longer.

Chivalry obliges me to expose a surprising error in *Too Close to Call*, the rather breathless account of life with John Major at No 10 by Sarah Hogg and Jonathan Hill. Recounting how Mr Major came under fire at his very first Prime Minister's Questions almost exactly five years ago for not appointing a single woman to his first Cabinet, Hogg and Hill rush predictably to the defence of "The Boss", saying that he "had not, to be

fair, inherited a wide choice of female talent. Since 1964, there had been only one woman in any Tory Cabinet: Margaret Thatcher." This is something of a calumny both on Lady Thatcher and the woman she herself appointed to the cabinet post of Lord Privy Seal and Leader of the House of Lords in 1982: Baroness (Janet) Young.

It's true that the Thatcher memoirs contain the observation that although "very well liked by their lordships" Lady Young "had turned out not to have the presence to lead the Lords effectively" and (crime of crimes in the Thatcher canon) was "perhaps too consistent an advocate of caution on all occasions". But such failings are scant reason to be written out of history.

Hats off this morning to Lord Vestey, the chairman of Cheltenham racecourse, who has enriched the English language. I was one of the 10,000 who set off gaily in the crisp weekend air on the long journey to the races, after Cheltenham officials had kindly gone out of their way to broadcast that there were "no problems at all" at the course. Except for one: racing was abandoned without a fence being jumped just after one o'clock. The reason, said an apologetic Lord Vestey, was that the frost had been expected to clear, but to everyone's surprise it had remained too cold. One has to sympathise with his lordship here. Who could have anticipated that temperatures would remain around freezing, in England, in December? But as I say, hats off to Lord Vestey. He has at least thwarted a potential British Rail monopoly on weather excuses in the *Oxford Dictionary of Quotations*. He has given us "the wrong kind of frost". Best wear a thermal vestey.

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Generation Why

by Tony Reeve and Steve Way



INDEPENDENT

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The culture of the knife

No matter how much we like to dream, there never was a golden age before violence in schools or on the streets. Yet it is tempting to react to the stabbing of a head teacher who tried to protect a 13-year-old boy from a gang attack by yearning for a safer and mythical past. Children have long been guilty of ganging up to inflicting pain on each other. Bullying is not a new phenomenon. Most people will remember gangs springing up around their schools and the threats to get even outside, once the school bell rang.

But the death of Philip Lawrence, the respected head at St George's Roman Catholic comprehensive in Maida Vale, London, was particularly shocking because it underlined a new and important phenomenon. Where once schoolboys might have threatened sticks and stones, now they carry knives – and many are prepared to use them.

The new gangs in many London schools are split along ethnic lines: South Asian kids model themselves on the Hong Kong triads; Afro-Caribbean teenagers call themselves Yardies after the Jamaican drug rings. And the grown-up versions they emulate are reflected in the rising level of violence among children of every race. With a sideways glance at the US, we can only be grateful that British children do not have access to guns.

While the law has paid close attention to firearms, it has not caught up with the use of knives as vicious weapons. While crimes involving knives have gone up, children caught carrying open blades are

usually just sent home with a caution. The police cannot arrest a young man for possessing a knife unless they suspect he will use it. It is incredible that knives are not treated as harshly as other offensive weapons.

This may be because for too long we have seen knives as part of the Baden-Powell culture – tools for survival, rather than murder. Every trusty scout bears his sheath knife on his belt, ever ready to cut a rope, sharpen a tent peg or skin a rabbit. A law that developed around the romance of the past is failing to deal with the stabbing urban culture of the Nineties.

Tightening up the law on knives will be a start. But it will not solve all the problems of gang violence on city streets. Many adolescents who join street gangs have little to look forward to. There is a growing problem in our increasingly high-skilled economy about what to do with young men who have no qualifications. And the chances are particularly bad for young black men – in London, 60 per cent of them are out of work.

Thugs with knives must be stopped and punished. Mr Lawrence made it his mission at St George's to maintain discipline and stamp out violence. Before he died he told a local reporter: "When I first came here there was a group of youngsters who were intent on running the school themselves. I confronted them... they expected me to walk away but I didn't. We do not tolerate consistent antisocial behaviour." We owe it to his memory to minimise the chances of such an incident ever happening again.

Women candidates: voters will decide

It is crunch time for Labour's all-women shortlists. Today an industrial tribunal will begin to consider the case brought by two spurned parliamentary hopefuls, Peter Jepson and Roger Dyas-Elliott. Rejected by constituencies on the grounds of their gender, they are claiming that the party is guilty of illegal sex discrimination.

The Labour Party's aims are worthy enough. It is rightly determined to increase the number of women at Westminster. Out of 271 Labour MPs, only 39 are women – yet politicians make decisions which affect the whole population, more than half of whom are female. In its pursuit of a better gender balance, Labour is prepared to risk excluding brilliant men from Parliament this time round while at the same time stamping on some fragile male egos.

Cynics might suspect Mr Jepson and Mr Dyas-Elliott of bringing their case simply out of pique and disappointed ambition. After all, their budding careers as bright backbenchers under a Tony Blair government have been blighted. However, on the face of it they seem to have a pretty strong case. All-women shortlists mean some people will not get the chance to stand for Parliament in their home towns, effectively because their genitals are the wrong shape. It sounds like an outrageous and unfair thing to happen.

If a company today refuses to consider people for jobs purely because they are men, then it is guilty of breaking the law. A climate of discrimination against women that stretches back centuries is

not enough to justify denying equal employment opportunities to individual men. However, the Labour Party will try to convince the tribunal that the selection and endorsement of MPs is significantly different from the normal process of appointing people to jobs.

Clearly there is some truth in what it says. Selecting prospective politicians is not like interviewing job applicants. The process is deeply flawed and prejudiced. A quick glance across the back benches is enough to convince anyone that male Labour MPs are not always chosen on the basis of outstanding talent.

Things are not much different in other parties. Local Conservative associations mostly decide to plump for men rather than women, and for married men rather than single men, when choosing new candidates for safe seats. It is implausible that in every case the married man just happens to be the best candidate. It is far more likely that those with the power to choose simply prefer married candidates – either because they consider a wedding ring makes you better able to do the job or because they think the voters will like it better.

In the end it is the voters who will decide. If the electorate really does want more women in Parliament, that is eventually what they will get. Conservative Central Office is rumoured to be contemplating its own form of positive discrimination for women after the next election, because it realises how important the issue has become. Political parties must provide the candidates the electorate wants, or they will die.

20 things your MP doesn't know about BSE

What is this new disease called BSE?

It is actually a very old disease, but it used to be called by other names.

What other names did it used to be called by?

Apoplexy. Choler. Wrath. Ire. Irrascibility...

What does BSE actually stand for?

Backbench Spleen Explosion.

Who are affected by Backbench Spleen Explosion?

Backbench MPs. BSE is also the initials of the headline which normally greets an outbreak: "Backbench Storm Erupts".

Good heavens. What form does this terrible malady take?

Well, typically it affects a middle-aged male MP...

Just a moment. Is there any other kind?

No.

Thank you. Carry on.

In a typical attack of BSE, a middle-aged male Tory MP who has been one moment quietly getting on with life – you know, just quietly drawing his £100,000 consultancy fee from the Classic Car Corporation or harmlessly getting into bed with another middle-aged male Tory MP to save expenses – this middle-aged male Tory MP will suddenly start spluttering, and shouting, and going



MILES KINGSTON

red in the face and saying things like: "This is absolutely impossible! This has gone too far! Heads must roll! Even better, I must go on *Newsnight* or *Today* and tell everyone how outraged I am!"

Good heavens. Poor chap. It must be awful. And what has caused this terrible attack of Backbench Spleen Explosion?

Princess Diana saying she is sorry for the homeless.

I'm sorry?

Princess Diana saying she is sorry for the homeless.

Why should Princess Diana being sorry for the homeless make anyone cross?

Well, medical scientists can find no logical reason for it, but the process may well be psychological rather than physiological. When a middle-aged male Tory MP hears a young, beautiful princess saying that she is sorry

for the homeless, he may well think that she is blaming him. Of course, what a middle-aged Tory MP would like more than anything else (apart from money, sex, trips abroad, more sex, being personally recognised in the lobby with a smile and a handshake from Michael Heseltine, and more sex)...

Sex with Mr Heseltine?

God, no... it is to be approved of by a beautiful young princess. So when he hears Princess Diana being sorry for the homeless, and saying that she should cure the root causes of homelessness, he goes into a childish rage because he would like her approval, whereas it seems to him that she is saying that the Tory government, after all these years in power, should have done something to cure it, whereas they probably did something to cause it.

And that makes him angry?

Yes.

But surely the Tories should have done something to cure it by now?

Of course.

And most of it is their fault, is it not?

Indeed.

So why do they get so cross?

Because mankind cannot bear very much truth.

Look, if Princess Diana says that we should do more about the homeless...

It's not just Princess Diana. From time to time the bishops of the Church of England, or the Archbishop of Canterbury, will say that there is too much poverty or homelessness or unemployment, and this brings out the whole of the Tory backbench in a paroxysm of BSE. They froth, they rage, they fume, they squawk, they scream.

Poor dear things. Can any words be heard above the squawking?

Yes. The average BSE sufferer usually shouts something to the effect of: "Don't interfere with politics! Keep out of politics! The highest in the land should never get involved with politics! Leave it to us!"

Leave it to a rabble of time-serving, self-seeking, smarmy, unqualified, besuited smoothies who are suffering from right-wing rage?

Yes.

Who are constantly complaining that, although elected by the people, they never get near the levers of power?

Yes.

And they want politics left to them?

Yes.

They must be mad.

They are. I've just explained. It's called BSE.

More about this fascinating disease some other time.

The princess and the plea for the homeless

From Ms Cheryl St Clair

Sir: It is sad that the Princess of Wales's comments about homelessness have been seized on as evidence that she is entering the party political arena ("Tory MPs angry at Diana's political plea for homeless", 8 December). Homelessness is a social problem, as the princess herself made clear when she referred to "the indifferent stares of passers-by". Away from the lights of the West End, there are many older people with serious health problems sleeping on the streets. Many of them were young people denied their chance in the Fifties, Sixties, Seventies and Eighties. They, too, "deserve a chance".

Rather than worrying about the princess's politics, should we not be reminding ourselves of our social responsibility: that there are certain fundamental rights that in a civilised world should be available to all – a right to food and shelter, for instance?

As a society we should make it clear to any government that we expect these rights to be upheld, irrespective of public expenditure implications. Meanwhile, the

charitable sector continues to do what it can.

The Budget announced the commitment of a further £50m to the Rough Sleepers Initiative over the next three years. This should be enough to maintain the approach in central London – including, we hope, the innovative work we have been doing with older homeless people in the City and the East End – and extend it to other areas.

Yours faithfully,
CHERYL ST CLAIR
Director
Providence Row
London, E1

From Fr Jeremy Craddock

Sir: On your front page today (8 December) you report that the Princess of Wales "condemned the sight of young people who resort to begging or worse, prostitution, to get money in order to eat". And that "Conservative MPs immediately condemned the princess for breaching the tradition that members of the Royal Family do not get involved in politics".

As the Tory MPs would pre-

sumably not have objected to the princess condemning the policies of other parties, we have to assume that they thought she was condemning them. That is, they believe that it is Tory policy that the poor should resort to begging or prostitution in order to get enough to eat. We should be grateful to the MPs in question. At least we now know where we stand.

Yours faithfully,
JEREMY CRADDOCK
Hartford,
Huntingdon
8 December

From Mr G. W. Thynne

Sir: So the Prime Minister believes that sleeping rough is a culture (report, 8 December). The implication being that people can choose whether or not to enjoy it. Before it is too late, let us have a grant from the Heritage Fund to preserve this picturesque aspect of our national life for the benefit of the tourist.

Yours faithfully,
G. W. THYNNE
Coulston, Surrey
8 December

Private investment in childcare

From Mr Andrew Newton

Sir: I was surprised by Professor Ruth Lister's remarks in her letter (2 December) that proposals to encourage lone parents to move into paid employment are of doubtful effect particularly while the Government "refuses" to invest in childcare facilities.

A study made earlier this year by the Institute for Fiscal Studies indicated that the availability of childcare does not automatically return mothers to the labour market.

Immediately after the Budget it was announced that the childcare benefit (not to be confused with Family Credit) is to be raised from £40 to £60 per week, equivalent to the average full-time weekly cost of childcare outside

London. Now that government has guaranteed the whole of the cost of childcare, and childcare businesses will be able to borrow on the collateral of a childcare voucher, there is a valid business case for private sector investment in childcare facilities.

If the greater social problems of single-parent families are not worked out in the future, that will increasingly be because childcare subsidies and taxable benefits alone are not able to provide all the necessary security.

Yours faithfully,
ANDREW NEWTON
Chairman
Social Security Committee
Bow Group
London, W2
5 December

On the right track for a rail service

From Mr Brian Cox

Sir: I read Christian Wolmar's article ("Bus company wins first rail franchise", 6 December) with interest and some indignation.

Should Stagecoach be successful in winning the South West Trains (or any other) franchise, the one thing you can be sure of is that we will not be planning to reduce services.

Our track record in our bus business is one of continued expansion, not contraction of services, with fare increases minimised as far as possible and certainly well under the level imposed by British Rail in recent years, notwithstanding the Chancellor's imposition of fuel duty on bus services in the past three Budgets.

As Mr Wolmar states, we have just ordered 1,100 new buses (for delivery in the next 16 months) – hardly signifying an intention to cut services.

Your readers should be aware that the rail privatisation process contains a number of important safeguards for passengers. Fears of Stagecoach imposing service reductions or bus substitutions are entirely misplaced.

Yours faithfully,
BRIAN COX
Executive Director
Stagecoach Holdings plc
Lewes, East Sussex

Franc remarks

From Dr E. J. Loader

Sir: If the UK economy is doing as well as our government says, and the French economy is doing as badly as their government says, could one of the economic gurus explain why the pound was worth Fr8.78 on 20 January 1994 and Fr7.65 today?

Yours sincerely,
E. J. LOADER
Northwich, Cheshire

Letters should be addressed to Letters to the Editor and include a daytime telephone number. (Fax 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

There is plenty to beef about

From Sir Simon Gourlay

Sir: Following your excellent leader "To beef or not to beef..." (6 December) you published two equally balanced "Argument" articles (7 and 8 December) on BSE. Two eminent scientists, Professor Colin Blakemore and Dr Robert Will, both agree that while certain facts about BSE are known, others will not be for some time; both agree that the risks to human beings are absolutely minimal. However, one believes the risk is sufficient to cause him not to eat beef, the other that it is so minimal that he is perfectly happy to ignore it.

The Government's line on BSE since public concern was first raised in 1988 has always been to be guided by science. In the absence of adequate scientific knowledge, this policy has frequently wrong-footed it as fresh bits of the scientific jigsaw have been put in place.

Until the missing pieces are found, it is as unconvincing to the public for John Gummer, when Minister of Agriculture, to feed an unwilling daughter on a beefburger as it is for the Health Secretary, Stephen Dorrell, to say there is no conceivable risk to any human being. By making such statements, ministers undermine their own good intentions and lead to a severe lack of confidence by the public in what they are doing – a lack underlined by your report today ("Government beef expert breaks ranks", 9 December) that Professor Pattison, the Government's own appointment as chairman of the Spongiform Encephalopathy Advisory Committee, freely admits that such guarantees can-

not yet be substantiated. The Government's primary target must be to restore public confidence. It will not do so by repeating that Austrians who have no BSE in cattle have a higher incidence of CJD than we do, nor by endlessly repeating that there has never been a case of CJD attributed to scrapie (the equivalent disease in sheep), factually accurate though both these statements are.

But it could go a long way towards restoring confidence if it would extend the Specified Bovine Offal order to all calves and young cattle and establish a Royal Commission which should report – at least initially – once every six months until such time as all the relevant scientific data is established beyond all reasonable doubt.

As president of the National Farmers' Union in 1990, I made myself deeply unpopular with the establishment in suggesting that the Government was dragging its feet in the way it was dealing with BSE. As a beef farmer with personal experience of this very unpleasant cattle disease, it frustrates me greatly that the Government is still doing so.

Yours sincerely,
SIMON GOURLAY
Knighton, Powys
9 December

From Mr J. Barber

Sir: Why is oxtail still being sold when the spinal column at its centre is joined to the brain of the animal?

Yours faithfully,
J. BARBER
Oxford
7 December

Moral choices for supermarkets

From Mr Richard Moore

Sir: Richard D. North obviously has not thought long and hard enough about LEAW's campaign to persuade supermarkets not to buy Canadian fish because of the Canadian seal hunt (Section Two; "Moralists", 7 December).

He believes that companies should not make moral choices on behalf of their customers. Fortunately they have already done so. Supermarkets sell toiletries that are not tested on animals, dolphin-friendly tuna and free-range eggs. They sell these products because there is a demand for them.

A recent MORI poll showed that the majority of the British public think that supermarkets should stop selling Canadian fish. Mr North suggests that if firms

make moral choices it will lead to their closure. Quite the opposite – the public wants to do business with companies that are morally sound. A major retailer ignores public opinion at its peril.

Incidentally, the fact that seals are thousands of miles away from the salmon fisheries is irrelevant. Seal hunters are fishermen who kill seals for a few weeks a year for extra cash. Salmon fishermen and sealers are part of the same industry.

Mr North's "loathing" of our campaign is regrettable. If the 100,000 letters received by supermarkets across the country as a result of our campaign are anything to go by, he is very much a minority voice.

Yours faithfully,
RICHARD MOORE
International Fund for Animal Welfare
Crowborough, East Sussex
8 December

Here's to real ale

From Mr Stephen Cox

Sir: John Shepherd's article (7 December) on the latest fad in the drinks market is sound enough. But he may have left the impression that real ale is in decline. In fact, more real ale is sold now than in 1989. Over 100 new real ale breweries have opened in the past two years and despite recession, cross-border trade, the shift to drinking at home, and whatever wheeze the marketing people come up with, real ale is doing very nicely.

Yours faithfully,
STEPHEN COX
Campaign for Real Ale
St Albans
8 December

A wheelie daft idea

From Mr Brian Simpson

Sir: The councillors of Wakefield ("Wheelie-bins dump pensioners in hospital", 8 December) are clearly one liquorice stick short of a Fontenay cake.

What on earth were they up to, suggesting people should clean the insides of their wheelie-bins? I have not seen anything so daft since those advertisements encouraging people to disinfect their S-bends.

No wonder the confused pensioners have been toppling in. Yours sincerely,
BRIAN SIMPSON
London, N6
8 December

Be bold, Prime Minister, and promise a referendum

The single European currency may be christened this week, but it has never been more contentious. John Major should seize the moment, argues Michael Maclay

This week in Madrid, European Union leaders will aim to agree on the name for a single European currency. With the French government literally fighting in the streets to maintain its commitment to monetary union (Emu), it is no longer possible to see the single currency question as an abstraction or a badge of European political correctness. John Major can take pride in the opt-out he negotiated, which gives the UK a freedom of manoeuvre no other member state enjoys. He can also take satisfaction in the way his worries about the difficulties along the way to Emu are being borne out. But this is, nevertheless, the moment for him to be bold.

The best way of consolidating the strength of his position at home while staying fully engaged in the practical discussions of Emu, which are now hotting up, would be for him to announce his promise to hold a referendum on Europe. This would be a firm commitment that he would not take the United Kingdom into a European single currency without securing the agreement of the British people in a referendum.

The Prime Minister does not need to say any more than he has already said on whether a single currency

makes sense, whether it is likely to happen or whether there are circumstances in which British participation could ever be desirable. Still less does he need to change anything in the opt-out arrangements he negotiated so skilfully at Maastricht. The commitment to a referendum would sit naturally with the strong diplomatic position he already holds, and would go far to allay the doubts about his going to go any further for now in ruling out or ruling in British participation. It would give him the moral and political high ground at home for the stormy period leading up to the election. And it would be popular.

The circumstances for a referendum would be clear and the wording simple. The people would be consulted if, and only if, the Government were itself to recommend that joining the final stage of economic and monetary union would be in the national interest. Unless the Government were so convinced, the occasion would simply not arise. If the Government had decided it wanted to proceed, it would then ask for a straight yes or no from the voters.

So this would not be a referendum on membership of the EU, which was decided democratically long ago and which public opinion

broadly accepts. Nor would it be about the outcome of next year's intergovernmental conference (IGC) which, despite Franco-German efforts, is likely to be too technical and complicated to merit a popular vote. More to the point, any referendum about the IGC would, in all likelihood, be overshadowed by people's concerns about the single currency, irrespective of whether it featured in the question or not. People instinctively understand that a single currency matters more than any amount of institutional tinkering in Brussels. All the public opinion research says they would like to have their say in such a momentous decision. Who is to say they are wrong to want to be consulted?

This approach would be more honest and sustainable than the proposal which is surfacing in some quarters that joining a single currency should be ruled out for the next parliament. It may be right that

monetary union will not happen until well into the next century, whatever comes of the unrest in France. If it did happen sooner, it also looks improbable as of now that the UK would be politically ready for membership, even if it met the economic criteria. But much of the support for ruling out for one parliament comes from those who believe, quite honourably, that it would be wrong in any circumstances.

So ruling Emu out for now would be supported by a coalition of those who rejected the principle altogether and those who saw ruling out for one parliament as electorally rewarding. Voters might be drawn to this – but they might equally find it opportunistic or cynical. Ruling out Emu now would also make a nonsense of the Prime Minister's achievement in preserving our options.

It would be much more attractive for the Conservative Party to be populist and principled at the same time

– a combination not always possible in political life.

Irrespective of what individual cabinet members might think now, the commitment would be that a referendum would only happen on the basis of a positive proposal coming from a Conservative prime minister acting under full collective cabinet responsibility. There would be no shift now towards a more favourable or less favourable view of the single currency. But in the hypothesis that the Government would one day recommend in favour, it could only be with Prime Minister and Cabinet working together in the national interest.

This proposal would displease some supposed anti-Europeans and some *soi-disant* pro-Europeans. The real anti-hate even the hypothesis that a Tory government could ever recommend joining a single currency. Many pros feel it would make it even more difficult to get Britain into Emu. Some from both sides dis-

like the use of referendums for constitutional reasons.

They should all recognise the context. The debate about Europe has been poisoned, not only within the Tory Party but around Britain and across the Continent, by the feeling that political elites, in their enthusiasm for Europe, have run too far ahead of the people. This is one factor, though not the only one, behind the tumult in France. It is also the feeling that Sir James Goldsmith, and those calling for a belated referendum on Maastricht here, are seeking to harness.

Those who dislike the single currency should welcome the idea that any such proposal would be subject to the ultimate test of popular acceptability – a serious and resounding hurdle. The enthusiasts should recognise that if monetary union was shaping up well on the Continent, and a broad enough basis of support existed here between government, business and the rest, the chances of a "yes" vote would be fair. This is what happened with the referendum on Common Market membership in 1975, even though the early polls showed strong majorities against. Some of the more street-wise supporters are begin-

ning to realise that a referendum might well be the only way of joining Emu. Conversely, if they could not command popular support, a single currency proposal would not deserve to succeed.

As to the politics, making the commitment now could only strengthen the Prime Minister's hand. He has prepared the way for it in the past without going the whole hog. It is true that he does not need to make the commitment, and he has not ruled it out nearer the time should the case arise. But to commit to a referendum now would play well within the Conservative Party. Tony Blair and his party would be forced to follow.

More than that, it would be good for Britain. We could continue to feed hard-headed, sensible ideas into the Emu debate. We would continue to be taken seriously. And in demonstrating that Britain was determined to face up to its choices, if and when they arise, in an open, honest and democratic way, our commitment would in turn be good for Europe.

The writer was, until July, special adviser to Douglas Hurd in the Foreign Office

Lessons from a violent death

Philip Lawrence's heroism was in a long tradition among inner-city teachers. Tony Mooney hopes this tragedy might alert us to the needs of such schools



Our biggest worry is street life outside the school – Philip Lawrence

Philip Meech

The tragic death of the head teacher Philip Lawrence, from a single stab wound to the heart, has focused the nation's attention on the everyday dangers faced by teachers in inner-city schools. The weekend newspapers were full of knee-jerk analysis articles which attempted to provide answers to questions about the causes of the killing and whether anything could have been done to prevent it.

What is now needed is some quiet reflection and time to consider the state of our inner-city schools and what actually can be done to improve them.

I have spent much of my 30-year teaching career in deprived inner London schools working with boys whose home background left much to be desired. In Hackney, Walthamstow, Peckham and Brent I have taught boys who have been reared in families and on estates where violence is as much a part of their lives as the air they breathe.

Not surprisingly, such boys can bring the attitudes and behaviour they develop in such a climate into their schools, and when they do teachers are left to cope with the aggression that inevitably surfaces.

The reported facts which led up to the stabbing of Philip Lawrence come as no surprise. Two boys fight, one gets hurt and does not like what has happened, so he brings round some of his mates to exact revenge. The story is so familiar to teachers in inner London schools that they could write the script in their sleep.

But the fact is that the situation has been like this for years, and for years teachers have risked their physical well-being to minimise the damage of the flare-ups. Philip Lawrence was carrying on the tradition of London teachers trying to protect their pupils. Like so many before him, he showed admirable courage.

Yet, despite Friday's tragedy, the general level of violence has been low and schools are often able to contain and minimise aggression. By taking a strong line about right and wrong, just as Philip Lawrence did, inner-city schools can provide a haven for boys trying to escape the chaotic lives they have to live.

School is the only stable point of reference for these boys, and, although a macho climate increasingly makes them openly resentful of being pushed to apply themselves, deep down many know that education is

Teachers risk their well-being to minimise the damage of flare-ups

their only certain route to a better life. That is why the likes of Philip Lawrence are so desperately needed: men and women who are prepared to give everything to raise the educational expectations of their pupils and their parents, and to explain to the rest of society just what these youngsters are capable of.

Just because most of our inner-city schools are places of order does not mean we can sit back and be complacent. They need help in abundance.

Despite what Gillian Shephard might say, many of them are desperately underfunded. Buildings are in a poor state of repair and in need of immediate attention. It has recently been shown that the condition of the school environment is very much related to improving learning standards.

On the day of his murder, Philip Lawrence expressed to a local journalist the sentiments of all headteachers in inner-city

schools: "Our biggest worry," he said, "is the street life outside the school. We try to make sure the undesirable does not get in."

In recent years the street life outside the school has become increasingly fraught with the dangers of our big cities. The emergence of drugs to be disseminated among schoolchildren has heightened tensions, and some of the aggression that we see among young people is drug-related. Some drug pushers see schools as places where they can make easy money and they are on the lookout for inside distributors. Arguments and fights are the consequence of the money that is exchanged for drugs.

What cannot be denied is that an increasing number of inner-city boys are carrying knives. When questioned, they will tell you it is for self-protection against the muggings that are carried out in our city streets. Most genuinely believe that, despite the statistics, there is a real chance they will be stopped, robbed and beaten.

The knife games stem from some sense of comfort. Unfortunately studies show that, even in the absence of muggings, those carrying knives are more likely to use them to settle scores which might have previously been settled with fists. As we saw on Friday, the knife is far more lethal than the fist. So any action that is taken to deal more severely with the possession of open blades must be welcome.

Some of the other suggestions being made to improve school security will have limited effect. Security lighting will be more likely to prevent damage to school buildings than acts of physical aggression; most children still go to and from school in daylight. Security cameras might have greater impact, although this is not guaranteed. It is debatable whether those

responsible for the killing of Philip Lawrence would have been thinking clearly about their chances of being caught on camera. If they were, they would merely have found another place to attack the boy who was their quarry.

When all the short-term measures have been taken in response to Philip Lawrence's death, we may be able to embark upon a more rational debate about the underlying causes of school-age aggression. Social deprivation and the widening gap between the rich

These boys are more politically aware than we think. They can smell hypocrisy

and poor in our society is stirring up a deep well of resentment among our inner-city youth. My own lengthy discussions with such boys suggest that they are more politically aware than we give them credit for. They smell the stench of hypocrisy in political support for fat cats lining their pockets on

a daily basis while some of their own families can hardly scrape together enough money for life's basics. They are also beginning to perceive that life in Britain might be conspiring against boys and their future prospects. It has not escaped their notice that girls are outperforming them academically, and that jobs are much more easily obtained if "you wear a skirt", as one boy explained to me. Under such conditions, lawlessness for some becomes a way of expressing their identity.

As we mourn the passing of one of our most dedicated colleagues, we teachers can only hope that the memory of his good works will bring about some attitudinal changes in society at large. If Philip's death makes people see just what a hard task the teachers of today are presented with, then some good will have emerged.

If it also concentrates minds about the diminishing status of teachers in this country, then we might see some belated action to improve matters.

The writer, headteacher of Rutlish school in Merion, has had long experience both as a teacher and governor in inner London comprehensives.

An unwelcome season of judge-bashing

The feud between the courts and certain politicians threatens good government, argues Peter Goldsmith

Lord Mackay, the Lord Chancellor, is in dispute with cabinet colleagues about the present season of judge-bashing, according to newspaper reports.

The season opened back in October at the Conservative Party conference. The party chairman, Brian Mawhinney, urged people disturbed by lenient prison sentences to protest to judges and magistrates. Public opinion does have a part to play in the sentencing process – but it is at the stage of laying down general sentencing guidelines, not at the level of the individual case, where the full facts are rarely reported. Sentencing by opinion poll, or worse still under the threat of intimidation by hate mail from the ill-informed, is no way to ensure that justice is done. It comes very close to the rule of the lynch mob rather than the rule of law.

After Dr Mawhinney's exhortations, the Home Secretary, Michael Howard, announced proposals to change the way sentences were passed, including "two strikes and you're out" mandatory life sentences for some crime. These proposals have been interpreted by many as criticising judges for lenient sentences and threatening to take away their discretion to do justice accord-

ing to the circumstances of each case.

The wisdom of these changes remains for debate. But as DA Thomas, Home Office adviser and the country's leading authority on sentencing, has pointed out, after the welter of disastrous recent sentencing legislation (such as the ill-fated unit fine scheme, which was passed only to be repealed almost immediately), the Home Secretary would do well to listen to the views of those, such as the Lord Chief Justice, who actually have to run the system.

Of course, it is for government to govern and for ministers to propose policy changes. But it is hard any longer to resist the conclusion that there is an orchestrated campaign in which some politicians consider it expedient to attack the judges. What is particularly surprising is that these politicians are from the very wing of politics that would normally be expected to defend fundamental aspects of the constitution such as the independence of the judiciary.

The attacks could be ignored, perhaps, if they were limited to wild calls from backbenchers, such as the suggestion by one MP last week that judges should be paid a percentage of the fines they imposed so as to encourage them to give tougher sentences. But

they seem to be coming from very senior politicians. Take, for example, last week's leaked "speech that never was". Lord Mackay was going to warn judges not to overstep their powers by using judicial review, reported the *Daily Telegraph*, only for the Lord Chancellor to issue an unprecedented denial that he ever had, or would, make the remarks attributed to him. Labour has accused Tory Central Office of being responsible for the leak.

These attacks are often ill-informed. Some attacks on judicial review decisions, for example, overlook three important factors: judicial review is nothing new and is often used in a way that those who are now knocking it would applaud; it is about upholding the supremacy of Parliament rather than denying it; and it is helpful rather than hostile to good government.

The principles on which the courts act trace their origins to Parliament's revolution of 1688. The court is there to review the legality of a decision rather than its correctness. Parliament cannot be expected to lay down detailed rules for every individual case, so there has to be a means of ensuring that the myriad bodies which carry out the policy laid down by Parliament do so within the intended

bounds. This is no more than a practical application of the rule of law.

There is legitimate doubt about whether the courts should go further still. But the cases about which press comment has been greatest are not to do with courts interfering with what Parliament has done, but with whether ministers have been carrying out Parliament's will.

The greater use of judicial review this century is neither surprising nor undesirable. Cradle-to-grave care has created a huge administrative machinery whose acts affect millions of citizens. It is no longer possible to say, as AJP Taylor did of the pre-1914 Englishman, that he could pass through life hardly noticing the existence of the state beyond the post office and the policeman. The courts are there to protect the citizen against wrong use by these bodies of their great powers.

Many decisions would be applauded by the Conservative Party: the striking down of Ken Livingstone's "Fair's Fair" policy, in which the GLC was to levy a supplementary rate to reduce the cost of London transport; Ealing Borough's refusal to stock in its libraries newspapers to whose proprietors they were politically hostile; Lambeth Council's decision to thwart a requirement to increase rent by load-

ing all the increase on to one house, upping its rent from £7 to £18,000 a week.

Now that Parliament's power has been weakened by the party system, the courts' powers are needed to prevent ministers going beyond what is for Parliament to decide – that was what lay behind the striking down of Mr Howard's criminal justice compensation plans. But again, there is nothing new in this.

Ultimately this helps good government rather than hinders it. It makes for better administrative decisions. It also makes intrusive government more acceptable, because citizens know they have the protection of the courts where legal bounds are overstepped.

Judges are not itching to influence the social and economic framework of the country. They are trying to do their job of making sure the law is obeyed. Responsible politicians must see that the present row is dangerous and shortsighted. The judges are a critical part of our freedoms and liberties and should not be made a political football. It is time for the Lord Chancellor to say that loudly and clearly. And for the Prime Minister to support him.

The writer is a QC and chairman of the Bar Council

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obituaries / gazette

Robert Parrish

Thirty years ago, when I was starting out as a film historian, I used to show silent films from my collection to anyone who would ask me. One kind American film-maker who seemed fascinated was the veteran director Andrew L. Stone, and he held gatherings at his London home to which he invited fellow film-makers. I remember meeting names I had until then only read about. One man who always came was a tall, handsome American - so handsome I assumed he was a leading man. But this was Robert Parrish, who turned out to have directed films like that remarkable western *The Wonderful Country* (1959), with Robert Mitchum. I found all those American film people extraordinarily charming and fascinated by their craft. But Parrish seemed to know all of film history from personal contact. You couldn't mention a film he didn't know, a director he hadn't worked with.

He was a man of constant surprises. I remember talking about Chaplin's classic *City Lights* (1931), an example of a silent film released into the talkie era. "I was in that," he said. "I was the kid who blew the peashooter at Charlie." It was *City Lights* which fired his ambition to be a film director - up to then he'd assumed every film had been directed by D.W. Griffith. And it was *City Lights* which began a friendship with Chaplin.

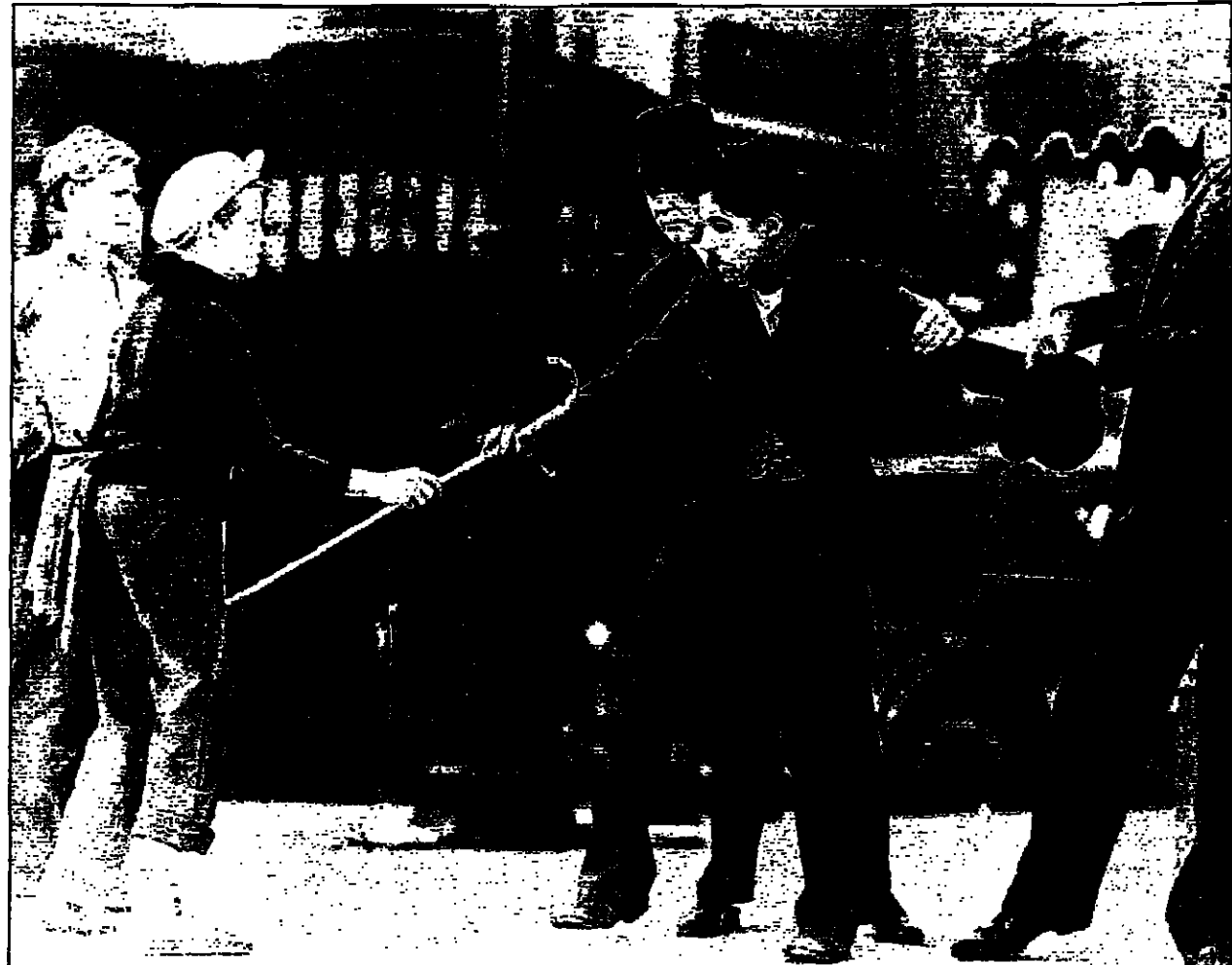
Parrish told the story of how Chaplin had shot five takes of a little dance on *Monsieur Verdoux*; he showed all five to Parrish, now a film editor. Chaplin was good in all of them, but in take three the camera panned a little far and picked up an electrician. "Which take did you like best?" asked Chaplin. Parrish chose take five. "Did you like my dance in take three?" "Yes, but what about the electrician?" Chaplin jumped out of his seat. "What are you looking at him for? You're supposed to be looking at me. If you noticed

the electrician that means I wasn't holding your attention." Parrish remained loyal to Chaplin throughout the McCarthy period, when the very mention of his name could arouse suspicion, and when David Gill and I made the television programme *Unknown Chaplin* (1983) for Thames, Parrish proved enormously helpful.

By that time, I had grown accustomed to mentioning a title and hearing Parrish say "Oh, I was in that..." He was even in *Murder on the Orient Express* (1977) - a vast set of an imaginary city had been built on the Fox lot in false perspective. As the buildings got smaller, too, so Parrish found himself, aged 11, dressed in adult clothes among a crowd of other children.

It is part of Hollywood's unspoken wisdom that the worst start a child can have is to become a kid actor. Bob Parrish certainly disproved that. He played with Our Gang at the Hal Roach Studios, he was a powder monkey in *The Divine Lady* (1929), an epic about Nelson, and he had an eye-opening location trip with Raoul Walsh for the massive western *The Big Trail* (1930), presented in sound and wide screen.

His stories about these pictures were marvellous in themselves, and he often came at them sideways, so not only the punchline but the situation took you by surprise. We all enjoyed him to write them down and in 1976 he did so, producing one of the most enchanting - and hilarious - books about the picture business ever written. It was called *Growing Up in Hollywood* and it ought to be reprinted in this century year. Parrish did not want things so well, one tended to forget that he was a film director. He had also been a famous editor. His first boss, who had graduated to editing via boxing and stunt work, decorated his cutting room with a sign which said "In this room, ART is spelled with



Parrish as a child actor (hand on cane) with Charlie Chaplin in *City Lights*, 1931. Photograph: National Film Archive / Still Library

an F." Because this editor drank, Parrish graduated to creative cutting much earlier than normal. By the time he worked with John Ford on *The Informer* (1935) he was an apprentice editor. Knowing that he really wanted to be a director, he hung about the stage to watch Ford. Eventually, Ford, who had used him first as a kid extra, then as an actor in a number of pictures, decided to give him his first lesson.

He warned him that from time to time he would come on the set in the morning without an idea how to stage the scene. He advised him to call for the viewfinder - finders were long, heavy metal objects which could be detached from the camera. "Go to the centre of the set. Put the finder to your eyes and close your eyes. Now you're in a good position to think. After you've held this position for 15 minutes a front office spy - an associate producer - will come on the set. The jungle telegraph

will have passed the word that it's 9.30 and you haven't made a shot. He'll slink up like a sidewinder to a position just above where you are now and say, 'How's it going, Jack?' As soon as the sonofabitch speaks, you swing the finder around hard, like this."

Ford turned, the finder struck Parrish hard on the forehead and drew blood. Ford kept on talking, never taking the finder from his eyes. "You'll find your aim will improve and you can knock off two or three associate producers a week. That's the end of the first lesson."

Parrish joined the navy and cut *The Battle of Midway* for L.C. Ford. It was the Oscar for the best documentary short subject of 1942. A few years later, Parrish won the Oscar for his editing (with Francis Long) of Robert Rossen's *Body and Soul* (1947). When he achieved his ambition of becoming a director his years in the cutting

room paid off handsomely. His first, a gangster picture called *Cry Danger* (1951), was well reviewed and well received. I remember being very impressed by the visual quality of *The Wonderful Country* (1959). He told me that on location he took an extra cameraman - Alex Phillips, a Russian living in Mexico - using him with the agreement of the director of photography (the great Floyd Crosby) because he was willing to take incredible risks. Sometimes, said Parrish, his shots were utterly useless, but more often than not they were breathtaking. I thought that an admirable technique.

The great stories of Parrish's directorial career can be found in his second book, *Hollywood Doesn't Live Here Anymore*, which he published in 1982. That career included films like *The Purple Plain* (1954), *Fire Down Below* (1957) and less happy experiences like being one of several harassed direc-

tors on *Casino Royale* (1967). He met Bertrand Tavernier while working on *In the French Style* (1962) and 20 years later they collaborated on a documentary, *Mississippi Blues* (1983), which echoed memories of the civil rights struggles of the 1960s.

Parrish more or less retired after this, although he had long lived at Sag Harbor, on Long Island, with his wife Kathie. Every so often a funny story or intriguing clipping would sail through the post - this was his way of keeping in touch with all his friends. But there was no substitute for meeting the man. As Bob Parrish once said about Joel McCrea, he always made you feel better than you were.

Kerwin Brownlow

Robert Parrish, film editor, director and actor, born Columbus, Georgia 4 January 1916; married Kathleen Norris (one son, one daughter); died Southampton, Long Island 4 December 1995.

Paul Hodin

Paul Hodin encapsulated in his work the values of the past, while devoting much effort to forging novel attitudes to interpret the art of the second half of the 20th century. The corollary was a dislike of, even an angry aloofness from, what was ephemeral, if insistent, in the artistic movements of the post-war years.

Hodin invariably described himself as "author, art historian and art critic". It was indicative. For him art was inseparable from civilised living, rather than an end in itself. Paul Hodin had little time for the noisy pygmies who at the moment foisted their views on the British public.

He was never entirely comfortable, as no man as wise as he could be, in the art world of Britain, his adopted country. He became President of the British Section of the International Association of Art Critics, but was never art critic of a national paper. On the Continent, Hodin was much better known than in Britain.

An indication of this was the academic and national honours he received. He was an Hon PhD of Uppsala (1969), and an Hon Professor of Vienna University (1975), while in 1954 he had been given the prize for Art Criticism at the Venice Biennale. The Italians made him a Commendatore of the Order of Merit (1966), the Austrians invested him with the Grand Cross of the Order of Merit (1968), and the Silver Cross of Merit (1972), while the Germans awarded him the Order of Merit First Class in 1969, and in 1986 made him a Commander of the Order. He also received medals from Norway and Czechoslovakia.

All this was in recognition of many books and a host of articles on literary and artistic subjects in a wide range of periodicals. It was also an acknowledgement of his contributions to the study of aesthetics. From 1955 Hodin

trician approach to the arts. This may appear surprising, for he became deeply involved with the artistic movements of the second half of the 20th century. His background was crucial.

He was a product of all that was best about the Austro-Hungarian Empire. Hodin was educated in Prague and read Law at Charles University. Yet he was equally at home in Paris and Italy, and studied at the art academies of Dresden and Berlin. Against this background, he was at ease, and influential, at the Venice Biennale, the Kessel Documenta and at many conferences.

Towards the end of the Second World War Hodin came to England, and in 1945 married Pamela Simms. In Cornwall and London, she was to be his constant companion and support. In 1944-45 he was press attaché to the Norwegian government in exile and from 1949-54 was director of studies and librarian of the Institute of Contemporary Arts in London. Hodin then settled down to writing many books, published in Germany, Italy, America, England and elsewhere. They fall broadly into three categories.

First there were books on aesthetics, of which *The Dilemma of Being Modern* (1956) and *Modern Art and the Modern Mind* (1972) were the most important.

Then there were books and articles in which he set out to interpret Expressionism and the art of the German-speaking lands for English-speaking audiences. Hodin played a key role in ensuring that artists as different as Munch and Schiele were understood in Britain and America.

Above all, he celebrated the art and life of the painter Oskar Kokoschka. During the years from the Second World War until 1953, when Kokoschka was living in England, he and Hodin got to know one another well. Their intimacy was to lead to one of the most fruitful of 20th-century relationships between an artist and a critic. Hodin's books on Kokoschka, above all his *Oskar Kokoschka: a biography* (1966), remain the best things that have been written on the artist.

Yet the perception Hodin displayed when writing about the art and character of Kokoschka was paralleled when he turned to interpreting British artists and sculptors. Here the fact that the Hodins had a house in Cornwall, and were a part of what was happening in St Ives, was crucial. So, too, was a special interest in sculpture which led to some of the best books on Henry Moore (1956), Lynn Chadwick (1961), Barbara Hepworth (1961) and Elisabeth Frink (1983). That Hodin also wrote so well about Manet and Emilio Greco was a token of how wide-ranging were his interests. He did much to coax British thinking towards the mainstream of European awareness.

Terence Mulhally

Josef Paul Hodin, art historian and critic, born Prague 17 August 1905; married 1945 Pamela Simms (one son, one daughter); died London 6 December 1995.



Hodin's friendship with Kokoschka

was on the Editorial Council of the *Journal of Aesthetics and Art Criticism*, and he was a member of the Executive Committee of the British Society of Aesthetics. He was also editor of *Prisme des Arts*, Paris (1956-57), and of *Quadrum*, Brussels (1956-66). The trained mind and the attitudes Hodin brought to these roles were the key to his influence on the Continent. That his work was not more fully appreciated in Britain is a token of the extent to which Britain remains isolated from the mainstreams of European thought.

Hodin had an essentially pa-

Stella Inda, actress, died Mexico City 7 December, aged 74. In the 1940s and 1950s starred in dozens of Mexican films; her Hollywood roles include *Captain from Castile* (1947), with Tyrone Power.

Jack Milne, speedway champion, died California, aged 88. Speedway's second world cham-

pion when he won the title at Wembley in 1937 (his brother came third).

Francesco Bonvicini, comic strip author, died Bologna 10 December, aged 54. Creator of *Sturmtruppen*, a strip about German soldiers syndicated in Italian newspapers over the signature "Bonvi".

Professor Peter Burke

Peter Burke was responsible, with L.F.H. Beard, for developing a method of plotting the growth of the face in three dimensions. This he did using short base stereophotogrammetry, which had its origins in aerial mapping techniques. These techniques, using stereo cameras and applying complicated mathematical formulae, make it possible to reconstruct an accurate three-dimensional model of the ground from two-dimensional aerial photographs.

Over many years at Adden-brooke's Hospital in Cambridge Burke recorded the growth changes in the faces of more than 50 children. He was able not only to establish the natural history of facial growth but also to indicate appropriate timings for orthodontic and surgical intervention in facial and dental deformity. The method could also be applied to assessing changes in the face following surgery and monitoring the effects of medical treatment of bone diseases.

From Whitley Bay Grammar School, Peter Burke qualified in dentistry at Durham University and then served five years in

the Army, three of them with a field ambulance in north-west Europe. He became a consultant in orthodontics at the Newcastle on Tyne Dental School in 1951 and worked there for 11 years. He then moved to a similar appointment at Adden-brooke's, where he developed a first-class regional service.

In 1972 Burke was called to the Chair of Child Dental Health at Sheffield. He was by now a first-class clinician. He had the flexibility and vision to amalgamate all the elements of dentistry for children into a coherent teaching whole, and was instrumental in creating a beautiful clinical environment which expressed this vision. It gave much pleasure to child and parent alike. The biostatistical work flourished and Burke's department became a national and international example.

Peter Burke was a big handsome man, who never lost that unequivocal directness of his Georgian background. In his earlier days he delighted in fell-walking, skiing, mountaineering and rock climbing. He was a splendidly stalwart colleague - the sort of man you would trust to lead a difficult



Burke: Georgian directness

pitch. His rich sense of humour, geniality and concern for others were in contrast to periods of deep sadness and disappointment in his private life.

Paul Bramley

Peter Halliburton Burke, orthodontist, born 4 September 1920; orthodontic consultant, Newcastle on Tyne Teaching Hospitals 1951-62, East Anglian Regional Hospital Board 1962-72; Professor of Child Dental Health, Sheffield University, 1972-83 (Emeritus); twice married (two daughters); died Sheffield 28 November 1995.

Lautaro Murúa

The death from lung cancer of the Chilean-born actor and director Lautaro Murúa in Madrid prompted a sense of frustration as much as sadness among those who knew him in the film and theatre world of the river Plate. He died far from home, aged 69, apparently with little money, and embittered by the lack of work prospects.

That seemed a long way down for the big man who was twice forced into exile, because of his theatre and films, by the Chilean and Argentine military regimes of the 1970s. And then he had returned to the river Plate with the restoration of democracy, to act in and direct blistering accounts of the torment under military rule and the exploitation of the most vulnerable people in local society. The tall man with the gruff heavy smoker's voice was a symbol of defiance to authority throughout his successful career.

Born in Tacna, when it was still in Chile (it is now part of Peru), in 1926, the son of a Basque father and a Peruvian mother, Lautaro Murúa was introduced to music and all the arts at home. But he went to

Santiago, Chile, to study architecture. There he joined a university theatre group. He then dropped out of the design world and, with a British Council scholarship, trained in the theatre in England. From film and theatre in Chile, he moved to Buenos Aires in 1954, and did not go back to Santiago.

Murúa's first film, *Shunko* (1960), about the tough life of a rural teacher in northern Argentina, won a Mar del Plata festival award in 1961, and launched his career as a director. The film also marked him out as a left-wing artist who was not going to keep quiet in face of the deep divide in Latin American society. And throughout the 1960s his choice of roles on stage emphasised the vehemence of his views.

Murúa acted under the late Leopoldo Torre Nilsson, and after making two more films of his own he launched his best known, *La Raulito* (1974), the dramatisation of the real life of a juvenile delinquent on the brink of sanity, which was an exposure of Argentine prejudice and brought people to the cinema in droves.

Murúa's face and style were

impressed on the public and politicians in some 20 films and countless stage appearances. Augusto Pinochet's coup in September 1973 closed Chile to him for most of the rest of his life. And in the late 1970s the military dictatorship in Argentina forced him into exile in Spain, where he was granted Spanish citizenship. "Argentina hurts too much. The air is unbearable," he said.

Murúa returned to Buenos Aires in 1983, with the restoration of constitutional government under Raúl Alfonsín, to make *A Funny Dirty Little War*, based on Osvaldo Soriano's novel about the bloody factional fighting within Peronism. His last appearance, in 1993, was in Lisa Stancic's *A Wall of Silence*, alongside Vanessa Redgrave, which was the story of a search for information about people who disappeared during the dictatorship. With that he bowed out, confirming the political stance of a career.

Andrew Graham-Moall

Lautaro Murúa, actor and director, born Tacna, Chile 1926; died Madrid 3 December 1995.

CASE SUMMARIES

11 December 1995

The following notes of judgments were prepared by the reporters of the *All England Law Reports*.

Conflict
Macmillan Inc v Bishopsgate Investment Trust plc & anr; CA (Stamphill, Auld, Aldous LJ) 2 Nov 1995.

Where, in a case involving a foreign element, an issue arose as to who had title to shares in a company, that issue was to be decided by the domestic law of the place where the shares were situated (the *lex situs*), which in the ordinary way was the place where the company was incorporated.

David Oliver QC, Murray Rosen QC (Herbert Smith) for the plaintiff; Charles Aldous QC, Robert Hildyard QC (Freshfields) for the second defendant; William Blair QC (Watson Farley Williams) for the third defendant; Simon Mortimore QC, William Trower (Clifford Chance) for the fifth defendant.

Contract
Tabor v Glaxo; CA (Neill, Auld LJ, Sir John Gildewell) 22 Nov 1995.

If the clear intention of parties in entering into a second agreement was to create immediate rights and obligations that were wholly inconsistent with the continuance of other rights and obligations under an earlier agreement, the second, even though still executory,

might have the effect of rescinding the earlier. But, where the second agreement provided for its "perfection" or performance at a later date and subject to certain conditions, the parties might well have intended to keep the earlier agreement alive, albeit in suspense until the second agreement was perfected or performed. The test was similar to that to be applied in cases of accord and satisfaction, namely whether it was the promise itself, or the performance of the promise, which was intended to have the effect of discharging the original claim.

Jill M. Gibson (Holmes & Mills, Braintree) for the appellant; Witold Pawlak (Tolhurst & Fisher, Southend on Sea) for the respondent.

Drink-driving
Hague v DPP; QB Div Ct (Simon Brown LJ, Scott Baker J) 6 Nov 1995.

Where a police officer operating an intoximeter genuinely but mistakenly believed it was malfunctioning, the breath sample, showing a reading of 68mg in 100ml of breath, was admissible in evidence if the motorist had failed to give an alternative specimen when lawfully given the opportunity to

do so under s 7(3) of the Road Traffic Act 1988, since that would have been the position if circumstances had been such that the s 8(2) procedure had been appropriate and the court did not believe Parliament required an opposite result for s 7(3).

Christopher Spratt (Mundy Coultwood, Sheffield) for the appellant; Andrew Hamon (CPS) for the respondent.

Extradition
Re Polakov; QB Div Ct (Simon Brown LJ, Scott Baker J) 6 Nov 1995.

In extradition proceedings under s 2 of the Extradition Act 1989, a stipendiary magistrate was entitled to commit an applicant to custody in the absence of a statement from the requesting country to indicate whether the offence was time-barred, since the committal hearing was not the appropriate moment to ventilate the issue of limitation. The magistrate had only to decide whether the conduct alleged constituted an extradition crime and the applicant's remedy for any limitation claim was to issue a writ of habeas corpus.

Campagne Lloyd-Jacob (Hallinan Blackburn Gittings & Noel) for the applicant; John Hardy (CPS) for the respondent.

Practice
International Bulk Shipping and Services Ltd & anr v President of India & anr; CA (Evans, Peter Gibson LJ, Sir John Gildewell) 23 Nov 1995.

Where proceedings had been issued in the name of a company which had already been dissolved, its trustee in bankruptcy was unable, after expiry of the limitation period, to have his own name added or substituted as a plaintiff under RSC Ord 15, r 6, because the proceedings were a nullity and the rule clearly contemplated an existing action in which the addition or substitution might be made. Nor could the trustee apply to "correct" the name of the plaintiff to his own name, under Ord 20, r 5, since that rule was directed to mistakes as to the name of a plaintiff, not as to the identity or description of the person suing.

Muir Finlay QC, Anthony Zaccardi (Hill Taylor Dickinson) for the appellants; Angus Glenzie QC, Clare Riffin (De Mello Kamath) for the respondents.

Slade v Alder Ltd; CA (Neill, Auld LJ, Sir John Gildewell) 30 Nov 1995.

On an application to strike out proceedings for want of prosecution, the onus was on

the person asserting prejudice or a substantial risk to a fair trial to show it had been caused by inordinate and inexcusable delay since the issue of the writ. A mere assertion was not enough. But the individual judge should be left to assess the prejudice and the risk and the adequacy of evidence in the particular circumstances of the case, and in such matters the Court of Appeal should be slow to interfere with the judge's exercise of discretion.

Peter Grobel (Winters, Huntingdon) for the plaintiff; John Greenborn (Birket Heathcote & Long, Ipswich) for the defendant.

Tax
Glaxo Group Ltd v Inland Revenue Commissioners; CHD (Robert Walker J) 9 Nov 1995.

The Board of Inland Revenue could adjust open assessments over many years to give effect to a transfer pricing direction made under the Income & Corporation Taxes Act 1988, s 770. The court refused to make declarations sought by Glaxo that a direction made in relation to years for which assessments remained open could not be taken into account and considered on appeal against those assessments.

John Gardner QC, Jonathan Pencock (Slougher & May) for Glaxo; Ian Glick QC, Michael Furness (Inland Revenue) for the Crown.

Births, Marriages & Deaths

DEATHS

DAVIS, Sylvia Christina (née Timberlake), beloved mother of March and Robert Irving, died peacefully at Middlesex Hospital on 10 December 1995. Service on 14 December at 11am at Our Lady Help of Christians Church, 4 Lady Margaret Road, Kensal Town. Followed by cremation at Golders Green Crematorium. No flowers. Donations to Our Lady Help of Christians "Homeless Project".

ANNOUNCEMENTS FOR GASTRIC BIRTHS, MARRIAGES & DEATHS (Births, Adoptions, Weddings, Anniversaries, Newsletters) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 3DL, telephoned on 0171-253 2011 or e-mailed on 0171-253 2015. All notices are charged at £6.50 a line (VAT extra). OTHER: Gastric announcements (notice, functions, forthcoming marriages, marriages) must be submitted in writing (or faxed) and are charged at £10 a line, VAT extra.

ROYAL ENGAGEMENTS

The Prince of Wales, Prince, Foundation for Creative Education, attends the United Nations Conference on Environment and Development in New York City, New York, The Duke of York, Prince, European Community Bureau of Orientation, attends a concert and dinner at St. John's Palace, Prince of Wales, President, Medals of Honour, attends the Royal College of Surgeons, a general meeting at the Royal College of Surgeons, London's last Fields, London WC2P 2PL, Prince of Wales, attends the Home-Start, Carol Cresser at the George Chapel, London SW1.

Changing of the Guard
The Household Cavalry Mounted Regiment presents the Queen's Life Guard at Horse Guards, 11am.

Birthdays

Admiral of the Fleet Sir Edward Ashmore, former Chief of Naval Staff, 76; Miss Anna Carteret, actress, 53; Lord Elliott of Morpeth, former MP and government minister, 75; Sir Robert Bellwood, private secretary to the Queen, 54; Mr David Gates, singer, 55; Sir Robert Grive, Professor Emeritus, Glasgow University, 85; Miss Jeanne Jackson, rock singer, 41; Miss Brenda Lee, rock singer, 51; Mr Cliff Michelmore, television producer and broadcaster, 76; Sir Wilfrid Newton, former chairman, London Regional Transport, 67; Mr David Plover, deputy chairman of Channel 4, 65; Mr Carlo Prati, film director and producer, 82; Mr Patrick Reynolds, designer and artist in stained glass, 70; Mr Raymond Robertson MR, 36; Mr Alexander Solzhenitsyn, author, 77; Miss Sarah Spencer, former general secretary, National Council for Civil Liberties, 43; Miss Sheila Walker, former Chief Commissioner of the Girl Guides, 78.

Anniversaries

Birthday Sir David Brewster, inventor of the kaleidoscope, 1781; Louis-Hector Berlioz, composer, 1803; Louis-Florentin Henry La Guerdon, mayor of New York City, 1882; Deshaun Llewellyn ab Gruffydd, last native Prince of Wales, killed in battle 1382; Bernardino Pinturicchio (Bettini di Biagio), painter, 1513; Sir Roger 'Estrange, translator of Aesop's Fables, 1704; Colley Cibber, playwright and actor, 1757; Richard Doyle, artist, 1833; Ludwig Mond, chemist, 1839; Menekle II, Emperor of Abyssinia (Ethiopia), 1913; Emilie Albertine Olive Schreiner, novelist, 1920; Egbert Roscoe (Ed) Morrow, journalist and broadcaster, 1965.

On this day, the first motor show opened in the Champs Elysees, Paris, 1894; King George VI ascended to the throne, 1936; Germany and Italy declared war on the US, 1941; the prototype of Concorde was shown for the first time at Toulouse, 1968. Today is the Feast Day of St Barbara, St Damascus I, Pope, St Daniel the Stylite and Saints Fuscianus, Victorinus and Gentianus.

The Queen's Birthday Parade 1996

Applications for tickets for The Queen's Birthday Parade (Trooping the Colour) on Saturday 15 June are accepted from the public between 1 January and the end of February and should include a stamped self-addressed envelope for acknowledgement. Demand for tickets is large so a ballot is held in mid-March. Applicants are restricted to two tickets each for the parade and children must be in possession of a ticket. A limited number of wheelchair spaces are available. Ticket prices are still to be confirmed, but are likely to be £12.50. Tickets are also available for the Colonel's Review on Saturday 8 June and the Major General's Review on Saturday 1 June. Tickets for the Colonel's Review are likely to be £7. Applications should be sent to The Treasurer, Household Division Funds, Horse Guards, Whitehall, London SW1A 2AX.

Lectures

National Gallery: Mari Griffith, "Worldly Goods (II): Van Gogh, Van Gogh's Chair", 1pm. Victoria and Albert Museum: Sally Dornier, "Christianity: art from the early church", 2.30pm.

THE WEEK AHEAD

TODAY

Companies
Interim: Greene King, Kenwood Appliances, Pelican Group, Carole Engineering, Court Cavendish, Drew Scientific Group, Dunedin Enterprise Inv Trust, Firstbus, Prior, Vtech, Holdings, Wynnstay Properties.
Finals: Airtours, Alldis, API Group, Dwyer Estates, Electronic Data Processing, Greencore Group, Hardys & Hansons, Hawtin, Invesco Recovery Trust, Johnson & Firth Brown, Richards, Whessoe AGMs, Benson Group, Beverley Group, Garimore European Trust, Mercury Keystone Trust, JD Wetherspoon, EGMs Melrose.

Economics
Kicking off a heavy week for economic statistics, the rate at which manufacturers' costs are growing is expected to have slowed again to around 7 per cent in November, although analysts do not think the month-on-month drop in October will

TOMORROW

Companies
Northern Electric's results are unlikely to hold any surprises on the dividend front following the aggressive defence package announced earlier this year in

Cray Electronic
The company is the most highly valued in the sector as a consequence of the bid from Trafalgar House. Profits will be down because of the effect of two reviews of the electricity distribution price control by the regulator, Oftec, but earnings per share will be buffered by a reduction in the average number of shares. Pre-tax profits are expected to be about £24m and earnings per share 39p. The company is the most highly valued in the sector as a consequence of the bid from Trafalgar House. Profits will be down because of the effect of two reviews of the electricity distribution price control by the regulator, Oftec, but earnings per share will be buffered by a reduction in the average number of shares. Pre-tax profits are expected to be about £24m and earnings per share 39p. The company is the most highly valued in the sector as a consequence of the bid from Trafalgar House. Profits will be down because of the effect of two reviews of the electricity distribution price control by the regulator, Oftec, but earnings per share will be buffered by a reduction in the average number of shares. Pre-tax profits are expected to be about £24m and earnings per share 39p.

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Economics
Construction: new orders (Oci). US producer price inflation is expected to have slowed below 2 per cent in November.

Economics
The key event of the economic week is the monthly monetary meeting between the Chancellor of the Exchequer and the Governor of the Bank of England. Financial markets have been in a state of uncertainty since the Chancellor's speech in October, a small fall is expected for November - and possibly the revision of the previous month's increase.

THURSDAY
Companies
Asda Group is expected to announce half-year pre tax profit up 22 per cent to £135m and small rise in unemployment in October, a small fall is expected for November - and possibly the revision of the previous month's increase.

Economics
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FRIDAY
Companies
Interim: Yorkshire Electricity, Eliza Tinsley, Forminster, Moorgate Smaller Company's Inv, TR Technology, Final: Trafalgar House, Barcom, First Russian Frontiers.

Economics
Wrapping up the week, the CBI monthly trends survey for December is likely to confirm the weakness of the manufacturing sector. Analysts are keeping an eye on the rising balance of firms expecting to raise prices, although some of the recent upward trend is seasonal.

Economics
Retail prices are expected to show a rise in November after the unexpected fall in October. The market view is that the target inflation measure, the RPI

RETAIL SALES
A line graph showing retail sales from 1990 to 1995. The graph shows a general upward trend with some fluctuations, peaking in 1994 and then showing a slight decline in 1995.

Bank	Share	Price	Change
Barclays	100	125.00	+0.25
HSBC	100	110.00	+0.10
London & Lancashire	100	105.00	+0.15
Midland	100	100.00	+0.20
NatWest	100	115.00	+0.10
Paragon	100	108.00	+0.12
Prudential	100	120.00	+0.18
Royal Bank of Scotland	100	112.00	+0.14
Santander	100	107.00	+0.11
TSBY	100	102.00	+0.08

Bank	Share	Price	Change
Asda	100	150.00	+0.50
Debenhams	100	140.00	+0.40
John Lewis	100	130.00	+0.30
Next	100	120.00	+0.20
Primark	100	110.00	+0.10
Primark PLC	100	105.00	+0.05
Primark Retail	100	100.00	+0.00
Primark Retail PLC	100	95.00	-0.05
Primark Retail PLC	100	90.00	-0.10
Primark Retail PLC	100	85.00	-0.15

Bank	Share	Price	Change
Adnams	100	120.00	+0.20
Beck's	100	110.00	+0.10
Beck's PLC	100	105.00	+0.05
Beck's PLC	100	100.00	+0.00
Beck's PLC	100	95.00	-0.05
Beck's PLC	100	90.00	-0.10
Beck's PLC	100	85.00	-0.15
Beck's PLC	100	80.00	-0.20
Beck's PLC	100	75.00	-0.25
Beck's PLC	100	70.00	-0.30

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Arrol-Johnston	100	120.00	+0.20
Balfour Beatty	100	110.00	+0.10
Balfour Beatty PLC	100	105.00	+0.05
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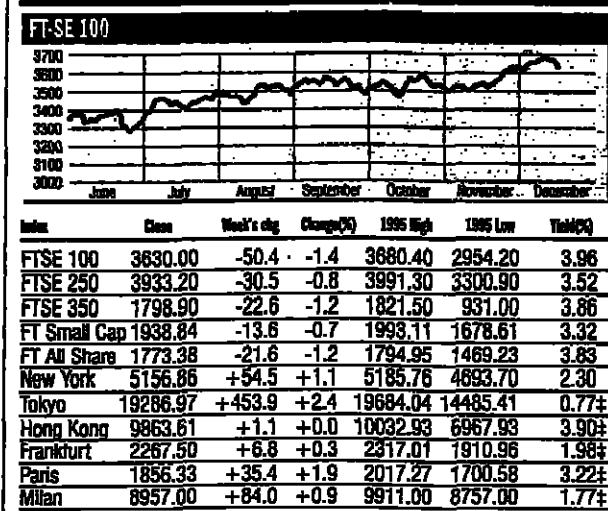
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MARKET SUMMARY

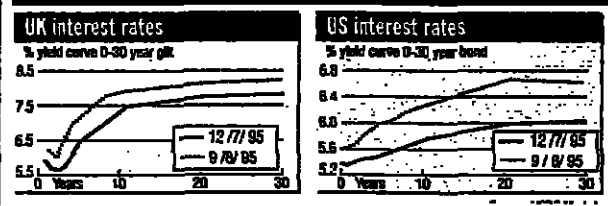
STOCK MARKETS



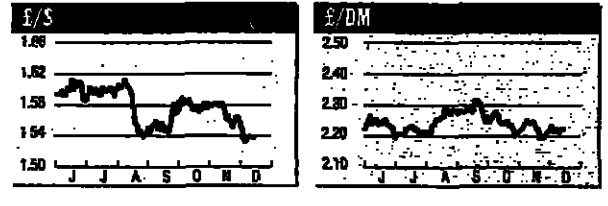
MAIN PRICE CHANGES

Rises - Top 5				Falls - Top 5			
Price (p)	Week's chg	% chg		Price (p)	Week's chg	% chg	
Laporte	610	177	22.5	Ladbroke Group	156	13	9.1
Imperial	206.5	28.5	12.1	Racal Electronics	276	23	9.1
English China	288	38	11.7	Barclays	189	17	9.9
NFC	136	16	10.5	Tratagar House	28.5	5.5	22.9
Amstrad	238.5	24.5	9.3	T & N	165	38	27.5

INTEREST RATES



CURRENCIES



Pound vs.				Dollar vs.			
Close	Week's chg	% chg		Close	Week's chg	% chg	
\$ (London)	1.5308	-0.34c	1.5597	\$ (London)	0.6533	+0.145	0.641
\$ (New York)	1.5315	-0.34c	1.56	\$ (New York)	0.6530	-0.06	0.641
DM (London)	2.2120	-0.04d	2.4601	DM (London)	1.4451	+0.29d	1.5773
¥ (London)	155.111	+0.467	156.222	¥ (London)	101.330	+0.08	100.165
£ Index	82.6	-0.1	80.3	£ Index	94.0	+0.1	96.44

OTHER INDICATORS

Close	Week's chg	% chg		Index	Latest	% chg	Best fig
Oil Brent \$	17.70	+0.13	16.27	RPI	149.8	+3.2pc	2.4 14 Dec
Gold \$	389.70	+1.00	378.0	GDP	106.6	2.1pc	4.3 21 Dec
Gold £	255.14	+2.38	241.578	Base Rates	6.75pc	5.25	

IN BRIEF

SFA chief backs calls for shake-up
Nick Durlacher, the new chairman of the Securities and Futures Authority, the City investment banking watchdog, has thrown his weight behind a radical recasting of financial regulation in Britain. Entering the heated debate about the future of regulation after barely a month in the job, Mr Durlacher expressed support for Labour Party thinking on stripping the Bank of England of its supervisory role and handing this to a special Banking Commission.

Poor results expected from Trafalgar
The City is expecting poor results from Trafalgar House, the troubled conglomerate, when it reports its year-end figures on Friday. Although a report suggesting losses of more than £200m was described yesterday by a source close to the company as "inaccurate", City analysts are nonetheless expecting losses well in excess of £120m. Further job losses are also expected and there is an expectation that the dividend will be cancelled.

DTI 'no comment' on Anglia and Saatchi
The Department of Trade and Industry is reported to be winding down its investigations into allegations of insider dealing in shares in Anglia Television and Saatchi and Saatchi, now renamed Cordiant. There have been no prosecutions resulting from either investigation as yet. Neither case has been officially acknowledged, although the Independent has been made aware of interviews that have been requested in connection with the Anglia TV inquiry, which was re-opened earlier this year.

Peoples Phone to seek listing
The Peoples Phone Company, a leading mobile telecommunications service provider, says it intends to seek a listing on the London Stock Exchange in early 1996. Barclays de Zoete Wedd and UBS have been appointed joint financial advisers. The company was founded in 1988 by Charles Wigoder, its chief executive.

Fund managers buy into Japan
Fund managers plan to increase their exposure to Japanese equities, according to the latest Merrill Lynch survey of UK institutions. The balance of optimism over pessimism on Japanese share prices is 67 per cent on a three-month view and 78 per cent on a one-year view. The survey's other finding was an increase in the number of funds planning to invest more in overseas bonds. Managers plan to sell UK and US shares and are also less keen on the continental European bourses. Fewer are selling property and reducing their holdings of cash.

L'Oreal to acquire Maybelline
US cosmetics company Maybelline said it had a definitive agreement to be acquired by L'Oreal, the French cosmetics giant, for \$36.75 a share in cash. L'Oreal said the deal would have a slightly positive impact on its consolidated profits from 1996. The Maybelline acquisition would allow L'Oreal to gain a significant position in the United States for mass-market cosmetics, similar to its position in Europe. L'Oreal chairman Lindsay Owen-Jones said yesterday.

Call for change on shared home loans
A new report published by the Joseph Rowntree Foundation argues that shared home ownership arrangements, where a home-buyer shares ownership with a housing association, should be replaced by a subsidy to full ownership. Author Rachel Terry writes that a subsidised loan scheme would involve no extra cost to the Government and would be less complicated.

Markets bet on early cut in interest rates

DIANE COYLE and PAUL WALLACE

The City is betting that Kenneth Clarke, Chancellor of the Exchequer, will cut interest rates after his meeting on Wednesday with Eddie George, Governor of the Bank of England.

Key economic statistics on retail sales, unemployment, earnings and inflation due out this week are expected to strengthen the case for a reduction in the cost of borrowing. Falls in German and US interest rates are also likely in the next few weeks.

Gerard Lyons, chief economist at DKB International, said: "I'd be amazed if the Chancellor doesn't cut."

Trading in London's financial

markets at the end of last week showed that base rates are expected to fall by a quarter point to 6.5 per cent by the end of this month and to 6 per cent by the middle of 1996. The prudent Budget at the end of last month boosted these City hopes.

However, some economists were more cautious. David Miles, at Merrill Lynch investment bank, said: "If you take the inflation target seriously, and take the Treasury's optimistic economic forecast at face value, there is no case at all for a reduction in base rates."

Last week Mr George hinted he would oppose a cut in rates on Wednesday. Giving evidence to the Treasury Select Committee, he highlighted worries

about the Ford pay offer becoming a benchmark for wage negotiations in January, a key month. He also expressed concern about the recent fall in the exchange rate.

Mr George drew attention to the fact that in its November Inflation Report the Bank of England forecast that the Government would miss its inflation target. Sterling has fallen nearly 2 per cent in value against other currencies since then.

Mr George even refused to admit that the Bank's advice to raise interest rates last May - rejected by the Chancellor - had been a mistake, despite the recent slowdown in the economy.

Steven Bell, director of research at Deutsche Morgan

Grenfell, said: "The Bank clearly does not want a cut in interest rates." He said there was a 50-50 chance of a small reduction this week.

Alan Budd, the Treasury's chief economic adviser, had earlier confirmed that its optimistic forecast of 3 per cent growth next year was not based on lower interest rates.

However, David Walton, a Goldman Sachs economist, said Mr Clarke had shown himself to be his own man in the past. He found it difficult to see how Mr George could put up a strong opposition if the Chancellor wanted to move, given the recent evidence on the economy.

By the time Mr Clarke and Mr George meet, they will have

figures for retail sales, unemployment, manufacturers' costs and factory gate prices in November, and underlying earnings growth in October. They will also have an estimate of last month's retail price figures, due out on Thursday.

Headline inflation fell in October from 3.9 to 3.2 per cent, but underlying inflation (excluding mortgage interest payments) remained above the 2.5 per cent target.

Mr Bell said the strength of retail sales could be decisive, as the Treasury's optimism about the economy rested on a strong outlook for consumer spending. Last week a Confederation of British Industry survey revealed a high street at its most buoy-

ant since April. On the other hand, expected interest rate reductions overseas will add weight to the arguments for a move in Britain.

The Bundesbank, whose council meets on Thursday for the last time before Christmas, is under mounting pressure to cut rates. But the president of the Bundesbank, Hans Tietmeyer, yesterday played down the need for lower rates to boost the economy.

The policy committee of the Federal Reserve meets on 19-20 December. It is expected to react to evidence of economic slowdown in the US if an agreement about the federal government budget is in sight by then.

Gavyn Davies, page 19

Bonanza: Merger and takeover frenzy leads to multi-million payouts

City banks poised to pay bumper bonuses

DIANE COYLE Economics Correspondent

A bonanza round of Christmas bonuses in the City of London will begin this week with a payout at the investment bank Goldman Sachs likely to exceed \$100m (£66m).

Executives at Barings, bought after its dramatic collapse with losses of \$900m earlier this year by the Dutch banking group ING, are expected to receive about £20m in total. A spokesman for ING yesterday confirmed bonuses would be paid at Barings. "We earlier said we would pay them as normal. The figures are a private matter with regard to personnel."

In addition, it is thought that Andrew Tuckey, the former deputy chairman of Barings at the time of the bank's collapse, will receive a fee of around £500,000 from the bank. He continues to act as a consultant to Barings, working in an office on its executive floor. His 1994 bonus, due to be £1.6m, was not paid. Mr Tuckey, who was unavailable for comment yesterday, is the subject of an investigation by the Securities and Futures Authority.

Barings and Goldman Sachs are among the leading beneficiaries of this year's takeover boom. Corporate finance activity in the City has returned to

levels not seen since the frenzied days of the late 1980s. One senior banker said at the weekend: "Corporate finance departments have made a bucketload of money this year."

Barings' profits have stemmed from its role in several big deals, dominated by the \$9bn pharmaceutical merger between Glaxo and Wellcome. It is also advising on the takeover of TSB by Lloyds Bank for £6bn - helped by Mr Tuckey - and acted in the £1bn Scottish Power bid for Manweb.

ING bought the profitable Barings businesses for £1 after the bank's losses in Singapore brought it to its knees. It paid £66m to creditors. However, shareholders in the bank and many bond investors have received nothing.

Last night Jonathan Stone, chairman of the bondholders action group, said he thought it was a "very poor judgemental decision by ING to pay further bonuses without first making any offer to the bondholders who have lost around £100m."

Goldman Sachs has been another big winner in this year's surge in mergers and acquisitions. One of its biggest deals was acting for Eastern Electricity in its takeover by Hanson. Goldman's worldwide profit is thought to have more than doubled to above \$1bn.



Pay day: Andrew Tuckey, said to be in line for a £500,000 fee

Bonuses at the investment bank are not expected to match the records set in 1993, when 100 staff received more than \$1m each. Even so, payouts on this scale could go to more than 50 employees.

Other big beneficiaries of the wave of takeover activity in the electricity and water industries will include Schroders and Kleinwort Benson. Other investment banks which have seen a big increase in the amount of corporate finance business this year include SBC Warburg, Lazard, Morgan Stanley, Flemings and Deutsche Morgan Grenfell.

Fees generated by electricity and water takeover bids have been estimated at more than £300m. Total mergers and ac-

quisitions-related fees for the year could easily top £1bn.

Not all investment banks will have shared in the boom to the same extent. Takeover activity on the Continent has been far more muted than in Britain, so banks such as Merrill Lynch, which do more business in the rest of Europe, are likely to have enjoyed less spectacular growth in fees in 1995 after a healthy performance in 1994.

However, income from trading activities has also picked up in the latest few months of this year. Even though most banks have relatively small positions after being stung by trading losses in 1994, this improvement should have been enough to guarantee healthy bonuses across almost the entire sector.

Glaxo 'will go to European Court over tax'

DAVID HELLIER

Tax experts say that Glaxo Wellcome, the pharmaceutical group that goes to the Appeal Court this week against the Inland Revenue, is prepared to go all the way to the European Court if it loses its case in the UK.

The company's legal action against the Revenue questions the tax authority's right to go back before 1986 to contest the group's transfer pricing policy and hence its tax payments over a near 20-year period.

A judgment last month said the Revenue does have that right.

Tax experts say that if the company fails in the courts, it could find itself with a tax liability of hundreds of millions of pounds.

The company's annual accounts have consistently stated that adequate provision has been made for tax liabilities.

In a briefing document the company says the Inland Revenue has been in dispute with the company over a long period of time but, "despite the length of time that has elapsed, it has not yet assessed the group nor has it quantified its claims in any way."

"Furthermore," Glaxo says, "the Inland Revenue contends that it can continue its review without any time limit. Glaxo Wellcome contends that the law does not allow the Inland Revenue to leave taxpayers in such uncertainty, and has asked the courts to declare years up to 1986 closed to further review."

There are concerns in the City that Glaxo faces a far greater tax liability than previously thought

as a result of its disputed transfer pricing policy.

Glaxo is reticent on two counts. It declines to say how much money is at stake and how far back the Revenue's claims to tax and interest go.

In US filings the company has indicated it has a potential liability of £463m in the years from 1987 onwards, but this takes no account of possible tax owed by the company, and interest on that tax, prior to 1986.

Transfer pricing is the method by which subsidiaries of multinationals account for sales between different subsidiaries.

It can involve a company legitimately managing its pricing policy between subsidiaries to maximise the profits shown in low-tax regimes, such as Singapore, and minimise the profits shown in high-tax regimes.

The tax benefit in this case is likely to relate chiefly to Zantac, the anti-ulcer drug which is behind Glaxo's phenomenal growth in the 1980s. Sales of Zantac, which is manufactured in Singapore, started in 1981. It later became the world's largest-selling drug.

Meanwhile, the Inland Revenue appears determined to tighten up on corporate tax loopholes.

In a new management plan to 1997-98 the Inland Revenue lists one of its key objectives as ensuring "that UK legislation on international tax matters is effectively complied with".

The Independent has recently shown how Rupert Murdoch's News International made nearly £1bn in profits but paid just £11.7m in tax.

Granada accused of hampering disposals

DAVID HELLIER

Forté, the leisure group facing a £3bn-plus takeover bid from Granada, yesterday said it would continue with its disposal programme in spite of what is being seen as an attempt by Granada to slow that strategy.

Granada has asked the Takeover Panel to ensure any disposals considered to be material or important to the business of the Forté group should be put to shareholders for approval. Under rule 21 of the Takeover Code, the disposal of any asset worth more than 10 per cent of a company's value must be put to shareholders for approval during a takeover period. But the Granada camp has asked the Panel to enforce a further aspect of the ruling that ensures the disposal of any business considered material to the group, even if it does not account for 10 per cent or more of the group's value, should also be put to shareholders.

Forté said yesterday it was not doing anything that was "in any way against the rules". A spokesman said the company would press ahead with negotiations that had started well before the Granada bid was announced. Forté is reported to be in talks to sell its White Hart hotels chain for about £100m.

A spokesman hit out at Granada's tactics saying, "One minute Granada is alleging that we are being slow to realise shareholder value. Now he [Granada chairman Gerry Robinson] is trying to slow us down."

Big accountancy firms poised for Jersey move

ROGER TRAPP

Ernst & Young and Price Waterhouse, two of Britain's largest accountancy practices, are poised to confirm today plans to register themselves in Jersey in an attempt to obtain better protection against spiralling negligence claims.

The proposals have already been condemned by MPs and even some accountants as looking suspicious and not above-board. But the Institute of Chartered Accountants says that going offshore in this way does not break ethical guidelines. It accepts that the firms have been forced to consider

such moves by a rising litigation problem, emphasised by last week's £105m High Court judgment against Brierley Hamlyn.

Neither firm is commenting ahead of the announcement. However, it is understood that Jersey is ready to introduce legislation it has developed with the co-operation of E&Y, led by Ian Brindley, with a view to allowing large professional partnerships to limit their liability. At present in Jersey - as in mainland Britain - limited liability is only open to sleeping partners, or those that have absolutely nothing to do with the running of the business.

It is understood that the change being proposed is based

on the law in Delaware, the US state, and will lead to the introduction of a limited liability partnership status. The move would have to be approved by the island's government and ultimately the Privy Council. Insiders are hopeful that the process can be completed by the end of next year. It is thought that Jersey believes acting in this way will enhance its standing as an offshore financial services centre.

The development, which follows KPMG's announcement earlier this year that it will incorporate its audit division to protect itself from large law suits, has been under discussion for several months.

Irish exchange goes it alone

CLIFFORD GERMAN

The Irish Stock Exchange based in Dublin starts life as an independent exchange today, formally ending its 200-year association with the London Stock Exchange.

The breakaway follows three years of negotiations and several missed deadlines. The decision to divorce is the result of a European Union directive, requiring all member countries to have their own statutory authority responsible for the stock market in place by the end of the year.

Fund managers investing in Ireland hope independence will allow ISEQ, the Irish Stock Exchange Index, to break away from the FTSE-all-share index and start to reflect the faster growth of the Irish economy. Since 1988 it has grown con-

sistently faster than the UK. Company profits have also outgrown their UK equivalents, but Irish stocks have not attracted a separate asset allocation from international investors and Irish institutions themselves have invested heavily in overseas shares following the abolition of investment restrictions in 1989.

As a result Irish share prices have moved closely in line with the FT all-share index, leaving them on little more than 10 times current earnings, compared with almost 15 times earnings in London.

Last week, however, the ISEQ index surged to an all-time high, anticipating an increased allocation of overseas funds into the newly independent market.

Tom Healy, chief executive of the Irish Stock Exchange, is keen not to play up the significance of the move. The Irish stock market will be regulated by the Irish central bank.

But both markets will follow the same rules and listing requirements.

Breakaway: The market will be regulated locally

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Will the Chancellor overrule the Bank again?

GAVYN DAVIES

There is no doubt that the chances of hitting the 2.5 per cent inflation objective at the end of this Parliament are increasing appreciably with every month of sluggish growth in the manufacturing sector.

The Treasury Select Committee took evidence on the Budget last week from Bank of England and Treasury officials. Their response to MPs' questions on these occasions is usually pretty circumspect, just in case they say anything that might discomfort the Chancellor, who is due to give his own evidence to the committee on Wednesday. This year, with a notable exception, the responses were even more suited than usual. Certainly, no one was willing even to twitch an eyebrow in the direction of monetary policy, in view of the imminence and sensitivity of the Treasury/Bank monetary meeting, due on Wednesday. Nevertheless, the officials managed overall to give me the impression, rightly or wrongly, that there is no great enthusiasm at either end of town for a large cut in base rates at the moment – though the Chancellor may, of course, once again overrule all of them.

The notable exception to the norm of low-key circumspection was the Governor of the Bank himself, who did a lot more than twitch an eyebrow about the Chancellor's decision to leave base rates unchanged last May. In fact, he was quite disparaging about it, as the rules of these encounters go, and it will be interesting to watch for any retaliation by the Chancellor this week. (I am stubborn enough still to sympathise with the Governor, notwithstanding the extraordinary weight of evidence that appears to have piled up on the Chancellor's side of the debate in recent months.)

Mr George said that Mr Clarke had been "lucky" to find that a "dangerous" developing situation for sterling in the wake of the decision was rescued by a sudden change in trend for the dollar. He still believed that the Bank's advice to raise rates in May had been right, in the sense that the balance of prob-

ability then was that the inflation target would be missed with base rates unchanged. In Mervyn King's words to a slightly bemused collection of MPs: "A forecast is a probability distribution." Or, in the more homespun words of the Governor: "The favourite does not always win the race." I am not sure whether Parliament and the public can be readily persuaded that it can sometimes make sense to have backed a loser but, since this is obviously true, I wish the Governor luck in his endeavour.

Mr George then went on to explain that he could only support an easing in monetary policy if he could be reasonably confident that future inflation would come in below 2.5 per cent, after taking account of the effects of the base rate cut itself. The Bank did not believe that this was the case when it published its Inflation Report in November, and they will probably recommend

no change in base rates again this week. It is hard to tell whether Treasury officials will do likewise. Sir Terence Burns, the Permanent Secretary, made an interesting speech last week, in which he reported that "the 1995 Budget must have been one of the great Internet events yet seen in this country". Apparently, more than 200,000 "hits" to the Treasury's Budget site on World Wide Web have already been recorded. The thought of a city the size of Southampton desperately searching cyberspace for the Chancellor's missing tax cuts is alarming. Who are all these people who want to read the Treasury Red Book? Sadly, I have met all too few of them.

Anyway, when Sir Terence returned to earth, he made one point that could be important to this week's debate. "One consequence of the frailty of forecasts," he said, "is a tendency to be over-influenced by what is happening today – or rather what today's data are telling us happened a few months ago. To

some degree we all suffer from this, no matter how hard we try." This sounds like someone who believes the current bout of weakness in the economy is just temporary, and indeed that it might already be almost over. Certainly, the pattern shown in the Treasury's Budget forecast envisages growth in GDP of 0.4 per cent this quarter, and then 0.8-1 per cent per quarter throughout next year. In other words, no further dip in growth will occur.

Most forecasters seem to agree with the Treasury that GDP growth will be running at 0.7-0.9 per cent per quarter from next spring onwards, but there is no agreement about what will happen in the immediate future. This may seem like a trivial point, but the first graph shows how important it is for the level of output in 1996. The Goldman Sachs forecast assumes that real GDP growth is only 0.1 per cent this quarter and 0.2 per cent next quarter, after which it follows much the same growth path as the Treasury's. Yet this difference is enough to produce a 1996 calendar year growth rate of 1.7 per cent for Goldman Sachs, compared with 3 per cent for the Treasury.

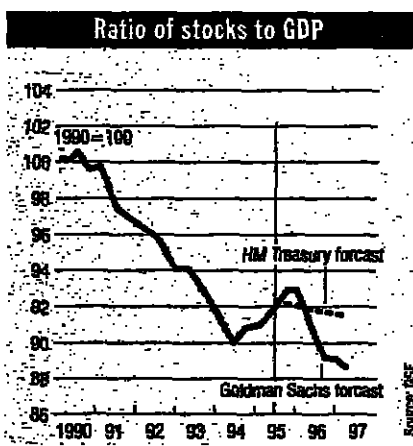
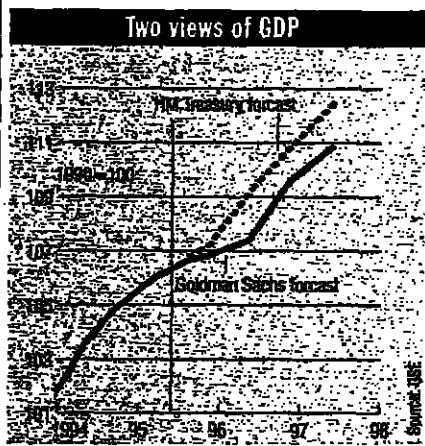
The main underlying difference in view relates to stock-building, as illustrated in the second graph. The long-term trend in the UK stock/output ratio is downwards, as companies become progressively better at matching supply with demand. In contrast to this long-term trend, the stock/output ratio has actually been rising sharply since mid-1994, and in recent quarters this has clearly been unintended by the company sector. The Treasury forecast assumes that companies will take a fairly relaxed view about getting rid of these excess stocks in the course of next year, in which case the stock/output ratio will

only drift downwards, and will remain far above its long-term trend throughout 1996.

The Goldman Sachs view is that companies are becoming far more exercised about the need to shed stocks than the Treasury thinks, and that the downward adjustment in stocks will be much more abrupt. This view is substantiated by survey data which shows that companies have been keenly trying to reduce stocks for several months, but have so far not been able to get ahead of unexpected declines in final demand. The Treasury is clearly hoping that companies will not suddenly become impatient, but this seems optimistic – especially since a similar phenomenon is happening throughout continental Europe, which will hit our export markets at exactly the wrong time.

Colin Mowl, chief forecaster at the Treasury, told the Select Committee last week that base rates should not respond to the stock cycle anyway, since it would be over before the monetary effects came through. But a shortfall of 1.25 per cent in the average level of GDP next year, and of 2.25 per cent in manufacturing output, surely makes a large difference to the amount of spare capacity in the system (the "output gap"), and therefore to the inflation rate in 1997. There is no doubt that the chances of hitting the 2.5 per cent inflation objective at the end of this Parliament are increasing appreciably with every month of sluggish growth in the manufacturing sector – which was, after all, the only sector suffering from inflation pressure in the first place.

The Chancellor may want to wait for a few weeks for the UK to follow the Germans and Americans in cutting interest rates, or he might want to get in first this week. It would be hard to quibble with him this time if he felt impatient.



The new chairman of the SFA has put noses out of joint with his views on tighter financial services regulation. John Eisenhammer reports

An old hand who wants a radical rethink of City rules

Regulators tend not to be unusually perverse. So it would be unfair to suggest that Nick Durlacher actually wants a grand cock-up to occur. But the new chairman of the Securities and Futures Authority, the City's investment banking watchdog, does favour radically recasting the way financial services are regulated and supervised in Britain.

And the thing most likely to make that happen sooner rather than later, he says, is a "thumping awful accident", another regulatory failure that leaves the legislators little choice but to act.

His thinking is bold, and in today's tense regulatory climate, controversial. Openly expressing sympathy for Labour Party ideas about stripping the Bank of England of its supervisory responsibilities and placing them with a newly-created Banking Commission, which he believes should be widened to embrace the SFA's responsibilities for the securities industry, he calls for an "imaginative re-drafting of the system", which suffers from "illogicalities in the framework". In particular, he says, the rapidly changing global financial markets and the nature of the firms dealing in them, require a new approach, especially with regard to the Securities and Investment Board, the City's lead regulator, and the Bank of England.

"If we started with a blank sheet of paper, we would certainly not be where we are now. I am not immediately wedded to the current system. Some of the proposals of the Labour Party and the Treasury and Civil Service Select Committee are well worth considering by all of us in regulation."

In its report last month on fi-

nancial services the Treasury committee, responding to deep dissatisfaction over the Bank of England's role in the Baring's collapse, raised the prospect of shifting supervisory responsibilities to an independent body, and asked the Treasury to look into this. Unsurprisingly, the Bank of England is hugely sensitive to the slightest hint that it is not up to the supervisory job. But Mr Durlacher, just a month in the chairman's seat at the SFA, seems little concerned about the Bank's feelings.

"I think you have got to grapple with the problem that the

Few expect the Bank quietly to let go of one of its twin key functions, the other being responsibility for conducting the UK's monetary policy. But Mr Durlacher offers the following observation. "It is difficult to produce good news out of regulation, and most of us like good news. So intellectually and emotionally, the Bank may come to the view that the senior activity is monetary policy. That might colour their attitude."

"If banking regulation is to be hived off, then I would like to see some way of the expertise and experience of the SFA hav-

Durlacher expresses his distaste for the public wrangling with the SIB, while suggesting a future role for it that will do nothing to cool the temperature within the regulators' fraternity. "The SIB could be the body that looks after the retail sector, the PIA and others."

"If we are tearing up the framework, it might be that we end up with two bodies directly responsible to Parliament, the banking commission and a retail commission."

In shooting from the hip this early in his tenure, Mr Durlacher is proving a worthy successor to Christopher Sharpley, who was not known for his shyness with words. But then the 49-year-old new chairman comes with considerable knowledge of the regulators' world, and the self-assurance of deep-rooted City stock. He is third-generation Durlacher, the family that gave its name to the largest jobbing firm on the Stock Exchange prior to Big Bang. It was then subsumed into Barclays, as part of BZW, where Mr Durlacher continued his job running the futures business at Life, where he was chairman until last June.

He has been involved in securities regulation since 1986, moving to the board of the SFA at its creation in 1991. In his time, he says, the financial regulatory environment has become much more demanding. This is not just because of the complexity of products and the size and scope of firms, but also reflects greater public awareness. In the specific field of securities, the Barings collapse was a "therapeutic shock". "It rang the death knell of the cup-of-tea type of regulation in the City,



Regulating the regulators: Nick Durlacher says fast-changing markets need a new approach. Photograph: Geraint Lewis

where people implicitly trusted those they were regulating and just met them occasionally."

The most important thing to get right, he says, is striking the balance between learning the lessons from something as dramatic as Barings and maintaining a light enough touch so that businesses can continue to flourish. "We may be at fault in having managed expectations of what regulators should deliver to the extreme case that no one should be allowed to go bust. That flies in the face of capitalism and that firms rise and fall. We cannot lay such a burden of controls, that as a result of trying to reach unrealistic expectations, industry is choked off. In reality, it is not choked

off, it just goes elsewhere."

But one area in which the new SFA chairman is acutely aware of the need for improvement is the speed, or rather lack of it, with which investigations are completed. There has been private criticism from the City and Whitehall of the length of time the SFA is taking over its investigation into Swiss Bank Corporation's dealings during Trafalgar House's failed takeover battle for Northern Electric. "If self-regulation is presented by the SFA as a better alternative to criminal prosecution then one of the things it has to do is deliver justice quicker than the courts," says Mr Durlacher.

Crazy talk about property prices back to normal

Now that Hong Kong property prices have moved from the outer stratosphere to rest precariously on Planet Fantastic, there is much loose talk about a move back in the direction of the ridiculous. New World Development, one of the colony's big property developers, has just forecast that prices will rise again by some 10 per cent in the coming year.

The ever bullish Michael Green from the Nomura Research Institute in Hong Kong goes further. He believes a serious supply shortage is about to emerge which will send prices back up to the crazy levels which people in the colony describe as "normal".

What are we talking about? According to the Hongkong Bank, the average price of a 430 sq ft flat, in other words a flat much smaller than practically all council flats and built to far lower specifications, is now around HK\$1.68m (£142,000). A flat approaching the size of a average three-bedroom apartment in London would cost at least £400,000. Office rentals, which have fallen more sharply than residential prices, remain as high as £3,500 a month for 1,000 square feet in the central district. Comp-

VIEW FROM HONG KONG

panies moving out of the prime area have been able to rent an equivalent office space, a couple of miles away, for some £2,500 a month.

The high prices have driven many companies out of the territory in search of lower costs in places such as Singapore. It was thought the laws of supply and demand would kick in about now and start to pull prices down. The fact that Chinese rule over Hong Kong will start in less than 600 days might also have been thought to act as a depressant on prices. Even on the supply side there are reasons to suggest that demand might be satisfied.

At the end of last month the government let it be known that the supply of land for the construction of residential property could hit a record this year. The increased land supply is mainly derived from development sites surrounding the rail link to Hong Kong's new airport and is in line with the general policy of releasing more land for residential development. The government is Hong

Kong's sole freeholder and supplier of land. It creates supply by redevelopment, redesignation and reclamation work. However the government cannot determine the rate at which developments actually take place. Research by the Nomura Research Institute shows that consents to commence work on residential buildings have slumped to a 30-year low. Consent issues is down by 73 per cent since the boom days of late 1992.

At first glance it might be thought that developers are losing confidence and are therefore reluctant to proceed with projects, while downward price pressures would be accelerated by greater supply. Nomura's Michael Green argues that the slowed rate of development will lead to a short-term critical supply shortage, producing yet another boom in residential prices. Mr Green may well be right if it turns out that demand is primarily a function of the need for living space, rather than a reflection of the investment prospects for property and the availability of funds to finance these investments.

However, a set of figures from Hongkong Bank seems to indicate that demand will re-



Hong Kong property: Prices are expected to soar again

main depressed as the affordability ratio remains stubbornly high at some 95 per cent. This figure is calculated by comparing median household incomes with the average mortgage repayment required for the purchase of a 430.5 sq ft flat. The affordability ratio is more or less unchanged from 1992 and early 1993 when property prices reached their last peak.

This calculation is slightly problematic because it takes no account of existing property owners investing the proceeds of a previous property sale in a new purchase. However, as a general indication of what can be afforded, it is a useful exercise. If the average British family were required to stump up such a high level of mortgage repayment, the British property market would go from being flat to comatose, but in Hong Kong people seem to have access to money derived from all sorts of sources which are hard to pin down.

It is also worth pointing that, in an attempt to draw some of the speculative pressure out of the property market, the government strong-armed the banks into imposing a 70 per cent limit on mortgage advances, meaning that buyers had to scrape around to find 30 per cent of the money required to make a property purchase. In Hong Kong, properties over 10 years old are considered to be ancient, so most banks offer a lot less than 70 per cent of the cost on these properties.

Frustrated by this restriction, some developers have started offering finance schemes of their own which tip the round the government's limit. These

schemes, and an easing of prices, have brought buyers back into the famous queues that used to greet every new development regardless of quality.

With property counters accounting for almost 27 per cent of the stock market's capitalisation – and far more in real terms because practically every listed company has substantial property holdings – the fortunes of the property and stock markets are inextricably linked.

As matters stand property companies are restraining the growth of the market as a whole. However, property counters are showing new signs of life. More importantly, most of them are not so highly geared as they were during the last property crash of the early 1980s and so there are few takers for the theory that another property crash is looming.

Logic-defying as it may be, what is happening is that prices are settling down at a level which is merely crazy rather than absurd, and the likelihood is that property values will move up again soon, but not necessarily in excess of inflation, which is now hovering just below 10 per cent.

STEPHEN VINES

CHRONOMAT

At a time when instruments unerringly cope with Mach 2 flight data, continued improvements to the mechanical chronograph simply underscore that there's more to time than technology. A movement's intricate beauty as a hand-polished case's lustreous gleam do put technological progress in a broader perspective. Like the Concorde, the world's first but surely not last, super-sonic transport. Chronomats draw time and space ever closer with aesthetic excellence as well as outstanding technical performance.

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INSTRUMENTS FOR PROFESSIONALS

news

Rock finances: Money, it's a gas for the golden oldies heading league table in survey of music's richest 20

Revealed: Top of the pop millionaires

LOUISE JURY

Ageing rockers dominate a league table of pop star earnings published today with the singer-songwriter-actor Phil Collins topping the list by a massive margin.

The 44-year-old musician earned more than £24m, according to his most recent accounts, twice as much as his nearest rival, the singer Elton John, 48.

Eric Clapton, Sting and the band members of Pink Floyd, Genesis and Queen are among the other rock millionaires revealed in the analysis of company records, whose move into middle age goes some way to explain the millions of pounds they have put aside for pensions.

Phil Collins paid premiums of more than £6m in the past three years and Dave Gilmour of Pink Floyd paid more than £3m over two years.

Out of the top 20 highest disclosed earners, only Rochdale's soul singer Lisa Stansfield, 29, struck a blow for the younger generation by sneaking into the top 20 at number 19.

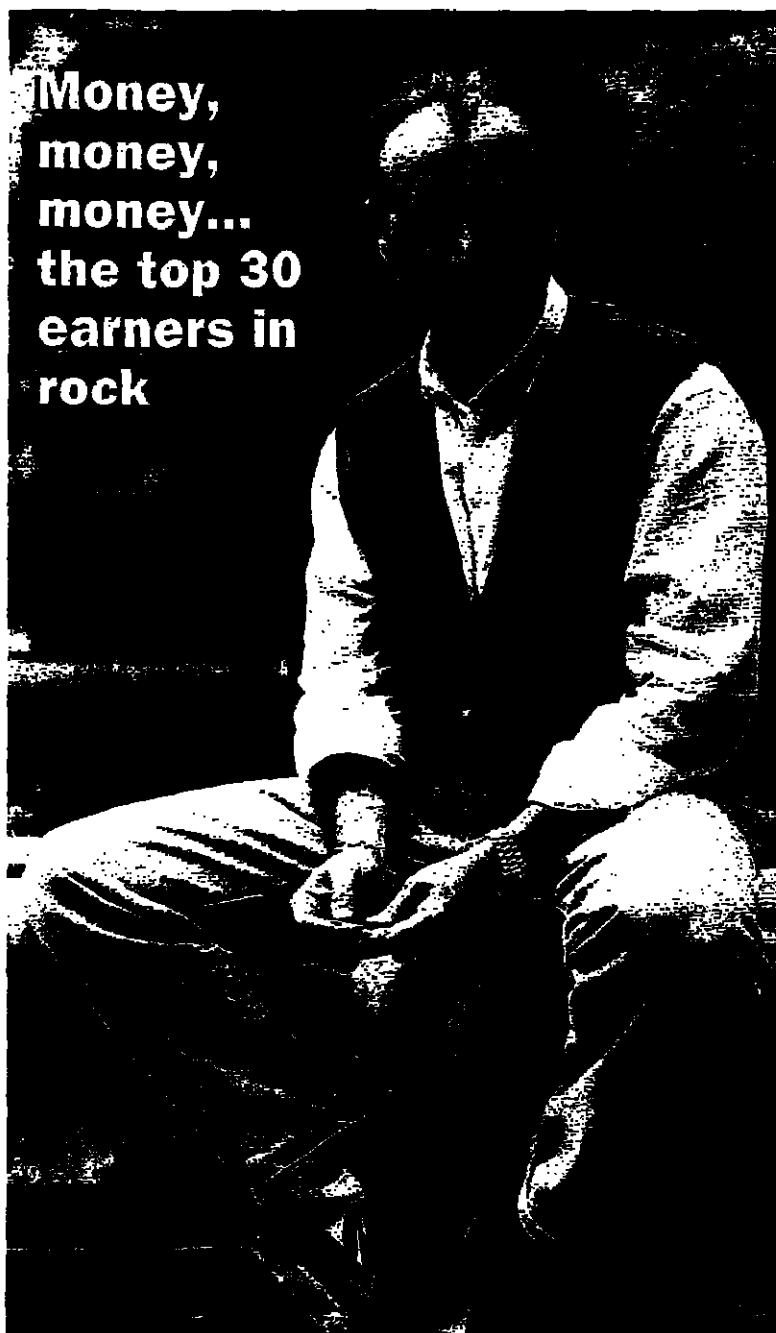
Virtually nothing is revealed about the financial affairs of the new giants of pop - Blur, Oasis, Take That or Pulp. Neither do the Rolling Stones, David Bowie and Rod Stewart, who have based their finances abroad, appear.

Cliff Dane, a former music industry finance director who has trawled Company House records for the survey, speculates there could be as many as a thousand rock millionaires with assets approaching £5bn.

His analysis is based on the most recent returns filed, and indicates that although earnings were down slightly on the year before, there is long-term evidence of substantial increases.

Yet Britain's importance in the world pop market is in decline. "Despite the recent revival of confidence in the UK industry and the emergence of 'Britpop', the UK's falling share of the key US market and the growing emergence of national repertoire in other markets has meant that the UK cannot

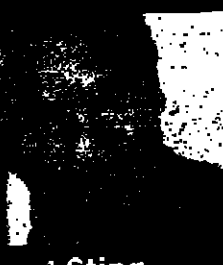
Money, money, money... the top 30 earners in rock



2 Elton John
£12,657,000
Last year: £17,651,000



3 Eric Clapton
£5,880,000
Last year: £13,210,000



4 Sting
£5,801,000
Last year: £7,946,000



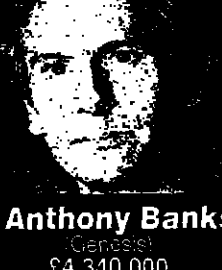
5 Annie Lennox
£5,009,000
Last year: £654,000



6 David Gilmour
£4,983,000
Last year: £1,007,000



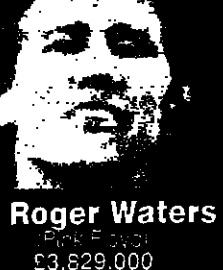
7 Mark Knopfler
£4,559,000
Last year: £12,046,000



8 Anthony Banks
£4,340,000
Last year: £5,482,000



9 Mike Rutherford
£4,272,000
Last year: £5,519,000



10 Roger Waters
£3,829,000
Last year: £2,637,000

really expect to maintain its world market share," Mr Dane said.

Artists of UK origin probably receive between 12 and 15 per cent of the estimated global rock and pop earnings of

£6.5bn, he added. Merchandising is the big earner for performers because they, rather than the record companies, get the bulk of the profit.

Income from live performances can be substantial for

the most successful, like Dire Straits, whose members Mark Knopfler and John Illsley earned £18.2m in the year of the *On Every Street* album and tour, falling to £4.8m last year. But many bands earn little other than recognition.

Some of pop's biggest names have kept details of their income secret. Mick Hucknall, of Simply Red, Elvis Costello, Duran Duran and Dina Carroll reveal nothing in their accounts. Deacon Blue and Robert Smith of the Cure were among those to have taken advantage of special exemptions for small companies not to disclose details.

But among the curiosities that do emerge is investment in traditional country pursuits like riding, hunting, fishing and shooting.

Joan Armatrading lost around £400,000 on a stud farm and Justin Hayward even more from bloodstock breeding. Phil Collins, Mike Rutherford and Tony Banks of Genesis have an estate on the Isle of Mull which made £5,000 from the sale of Christmas trees, £2,000 from the sale of venison and game and £42,000 in the form of government grants.

The key to success lies in establishing international acclaim, writing your own material and restricting the number of people you work with, Mr Dane said. Ali Campbell does not sell as many

records on his own as he did with the eight-man UB40 but his share is much greater as a solo artist.

Having a strong contract and a good accountant helps. George Michael, whose annual income is down to £808,000 compared with a £14m peak, proved how disastrous contract disputes can be when his bitter row with Sony kept him out of the recording studio.

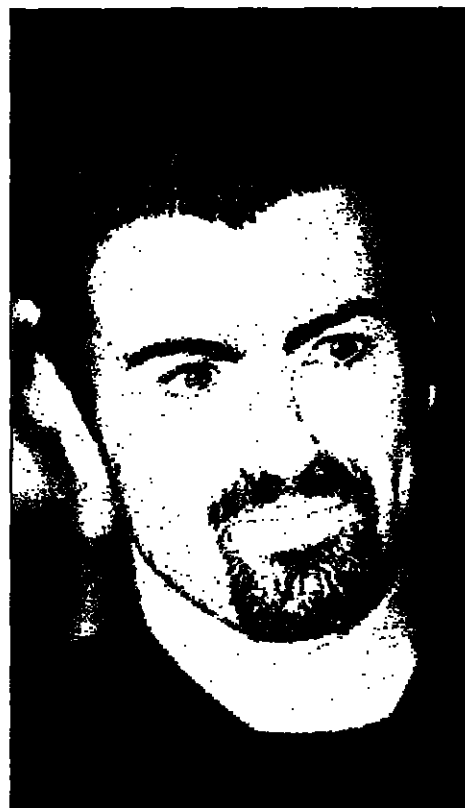
Evidence in the trial of Kei-

th Moore, the accountant who was jailed for stealing around £6m from Sting, showed how artists can shield large elements of their world-wide earnings from UK tax.

In Britain, many of those surveyed were found to channel their income through companies, taking advantage of tax breaks. The accounts of Jim Kerr, the vocalist of Simple Minds, for example, do not actually show his earnings but fees

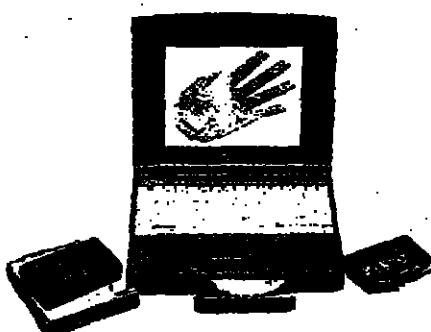
paid to his company, Jim Kerr Ltd, for his services. Several stars have relations as directors. Morrissey, the lyricist of the now disbanded Smiths, has his mother listed as a 50 per cent shareholder in his companies.

Lisa Stansfield's musical team of Ian Devaney and Andy Morris, former school friends, may not be household names but have reaped the rewards of her success by both making it into the top 30.



Taking notes: The Simply Red singer Mick Hucknall, and the solo artist George Michael

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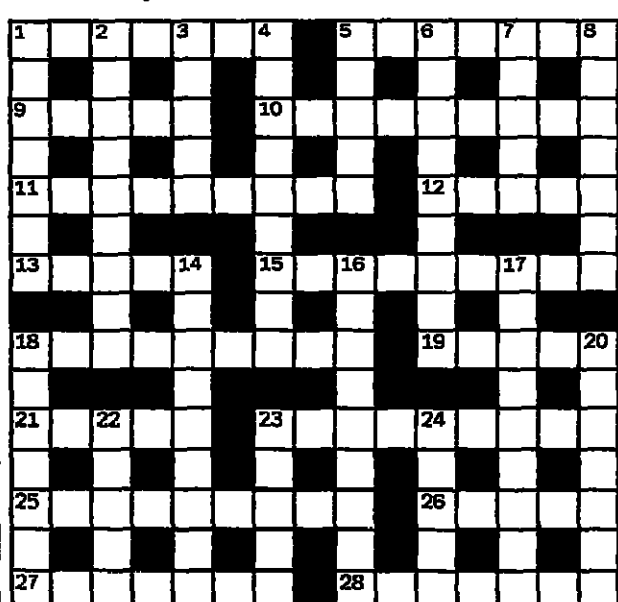


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every day

THE INDEPENDENT CROSSWORD

No. 2854, Monday 11 December

By Fortin



ACROSS

1 Happen to produce side-effects (7)
5 South African swimmer in New England (4,3)
9 Make it touch one emotionally (3,2)
10 Roman satirist escapes from eruptions (9)
11 Emaginated being in debt (9)
12 King's madness returns engulfing many (5)
13 Cry of denial by the

15 sound of it (5)
16 Time to switch round agencies now (9)
18 Call for a new effort to arrange display (9)
19 In need of money when on these (5)
21 Several start off from summit (5)
23 Irveigh against unfit meal being prepared (9)
25 Worst-dressed guy in the country? (9)
26 Taken aback about having

contracted fungal disease (5)
27 Artistic item of taster say (7)
28 Run after toy snake (7)

DOWN

1 It's not clear when this is to be heard (7)
2 Impressive characters? (9)
3 Elliptical sphere hollow inside (5)
4 One who creates a box shape? (9)
5 Interrupt to get share accepted (3,2)
6 Established the German will bring foodstuff (9)
7 Hang on to short rope held by coastguard (5)
8 Merit of the French minister (7)
14 Compassion thought to be sincere (9)
16 Girl ends up with the best plant (9)
17 Knowing of sponsor in North West Russia (9)
18 Urge increase in exercise (5,2)
20 Garment worker who is grossly exploited? (7)
22 Holy vessel in Agra I'll see (5)
23 Passenger caught in ludicrous situation (5)
24 Awkward when one's computer link is without power (5)

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THIS WEEK IN THE INDEPENDENT

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The fascist legacy in Britain

PRIME TIME BIMBOS
Why TV's highest earners always play dumb

BRITAIN UNDER LABOUR
Meet the new establishment

BABE! WHAT A STAR
The pig that's a screen sensation

A SMALL TOWN IN RUSSIA
Ordinary folk who will vote communist

ROCK POP MUSIC METRO
Everything you need to know

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Brit...
co...

Howley and
stons are s...

Branson

IN BRIEF

...state-up

...case name

...by report

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